

Docket No. 20170123-EI
Comprehensive Exhibit List for Entry into Hearing Record
September 25, 2017

EXH#	Witness	I.D. # As Filed	Exhibit Description	Issue Nos.	Entered
STAFF					
1		Exhibit List	Comprehensive Exhibit List		
FLORIDA POWER & LIGHT COMPANY – (DIRECT)					
2	Sam Forrest	SF-1	Asset Transfer and Contract Termination Agreement between FPL and JEA, dated May 17, 2017	3, 6	
3	Scott Bores	SRB-1	Summary CPVRR Analysis for Retirement of SJRPP	5	
4	Keith Ferguson	KF-1	Proposed Journal Entries	7, 8, 9	
5	Keith Ferguson	KF-2	SJRPP Capital Recovery Schedules	7, 8, 9	
OFFICE OF PUBLIC COUNSEL – (DIRECT)					
6	Patricia W. Merchant	PWM-1	Résumé of Patricia Merchant	1, 5, 7, 8, 9, 10	

STAFF – (DIRECT)					
7	<p>Scott Bores (3, 6, 12, 20-27, 30-36, 41, 42)</p> <p>Keith Ferguson (11, 13, 17, 38, 39)</p> <p>Sam Forrest (4, 7-9, 12, 19, 28, 29, 35-37, 40)</p>		<p>FPL’s Responses to Staff’s First Set of Interrogatories Nos. 3, 4, 6-9, 11-13, 17, and 19-42</p> <p>Additional files contained on Staff Hearing Exhibits CD for Nos. 3, 6, 11, 12, 13, 17, 20, 21, 23, 35, 36, 37, and 41</p> <p><i>[Bates Nos. 00001-00039]</i></p>	4, 5, 6, 7	
8	Sam Forrest		<p>FPL’s Responses to Staff’s Second Set of Interrogatories Nos. 43 and 46</p> <p><i>[Bates Nos. 00040-00043]</i></p>	3	
9	<p>Scott Bores (47, 49, 51-54, 58, 59, 61, 62, 64-66)</p> <p>Keith Ferguson (57)</p> <p>Sam Forrest (48, 50, 55, 56, 60)</p>		<p>FPL’s Responses to Staff’s Third Set of Interrogatories Nos. 47-62, and 64-66</p> <p>Additional files contained on Staff Hearing Exhibits CD for Nos. 51, 53, 54, and 61</p> <p><i>[Bates Nos. 00044-00065]</i></p>	2, 5, 6, 9 (Cost-effectiveness only for Scott Bores as to Issue 9)	
10	Scott Bores		<p>FPL’s Responses to Staff’s Fourth Set of Interrogatories No. 67</p> <p>Additional files contained on Staff Hearing Exhibits CD for No. 67</p> <p><i>[Bates Nos. 00066-00068]</i></p>	5, 9 (Cost-effectiveness only for Scott Bores as to Issue 9)	

11	Scott Bores (1-5, 7-9) Sam Forrest (6,10, 11)		FPL's Responses to Staff's First Set of Production of Documents Nos. 1-11 Additional files contained on Staff Hearing Exhibits CD for Nos. 1-3, 5, and 7-10 <i>[Bates Nos. 00069-00083]</i>	5, 6	
12	Scott Bores (6) Keith Ferguson (3, 4, 7, 9) Sam Forrest (5, 8)		FPL's Responses to OPC's First Set of Interrogatories Nos. 3-9 <i>[Bates Nos. 00084-00095]</i>	5, 6, 7, 8, 9 (Cost- effectiveness only for Scott Bores as to Issue 9)	
13	Scott Bores		FPL's Responses to OPC's Second Set of Interrogatories Nos. 10-13, and 15 <i>[Bates Nos. 00096-00102]</i>	5, 9 (Cost- effectiveness only for Scott Bores as to Issue 9)	
14	Scott Bores		FPL's Responses to OPC's Second Set of Production of Documents No. 10 Additional files contained on Staff Hearing Exhibits CD for No. 10 <i>[Bates Nos. 00103-00104]</i>	5, 9 (Cost- effectiveness only for Scott Bores as to Issue 9)	
HEARING EXHIBITS					
15	Joint Parties		Joint Motion for Approval of Settlement Agreement		

Execution Version

**ASSET TRANSFER
AND
CONTRACT TERMINATION AGREEMENT**

by and between

FLORIDA POWER & LIGHT COMPANY

and

JEA

Dated as of May 17, 2017

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20170123-EI EXHIBIT: 2
PARTY: FLORIDA POWER & LIGHT
COMPANY – (DIRECT)
DESCRIPTION: Sam Forrest SF-1

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EXHIBITS

Exhibit A	Form of Services Management Agreement (for Management of Dismantlement and Remediation)
Exhibit B	Form of Shutdown Assignment & Assumption Agreement
Exhibit C	Form of Debt Service Assignment & Assumption Agreement
Exhibit D	Form of Closing Assignment & Assumption Agreement
Exhibit E	Form of Transmission Service Agreement Termination
Exhibit F	Form of JOA Termination
Exhibit G	Form of Bill of Sale
Exhibit H	Form of Deed

ASSET TRANSFER AND CONTRACT TERMINATION AGREEMENT

This **ASSET TRANSFER AND CONTRACT TERMINATION AGREEMENT** is made as of May 17, 2017 (this “Agreement”), by and between Florida Power & Light Company, a corporation organized and existing under the laws of the State of Florida (“FPL”), and JEA, a body politic and an independent agency of the City of Jacksonville, Florida, organized and existing under the laws of the State of Florida (“JEA”). Each of FPL and JEA shall be referred to herein as a “Party” and together as the “Parties.”

WITNESSETH:

WHEREAS, FPL and JEA are party to that certain Agreement for Joint Ownership, Construction and Operation of St. Johns River Power Park Coal Units #1 and #2, dated as of April 2, 1982, as amended through the date hereof (the “JOA”); and

WHEREAS, pursuant to the JOA, the Parties jointly developed and constructed the St. Johns River Power Park System comprised of two coal fired electric generating units, each with nameplate capacity of 661 megawatts and the associated facilities required for the operation of the generating units and the transmission of electric energy from Units #1 and #2 (collectively, “SJRPP”); and

WHEREAS, pursuant to the JOA, FPL owns an undivided twenty percent (20%) interest in SJRPP and the SJRPP Site (as defined herein); and

WHEREAS, pursuant to the JOA, JEA owns an undivided eighty percent (80%) interest in SJRPP and the SJRPP Site; and

WHEREAS, to finance the cost of the development and construction of SJRPP, JEA issued and sold revenue bonds (the “Bonds”) pursuant to that certain St. Johns River Power Park System Revenue Bond Resolution, adopted by JEA on March 30, 1982 (the “Bond Resolution”); and

WHEREAS, the Parties now agree that it is in the best interest of their customers to (i) cease operation of SJRPP as a generating facility, (ii) dismantle and Remediate (as defined herein) the SJRPP Site (other than the Retained Assets (as defined herein)), (iii) terminate the JOA and (iv) defease the Bonds (the “Bond Defeasance”).

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

Article I

DEFINITIONS

1.01 Definitions. As used in this Agreement, the following defined terms have the meanings indicated below:

“Actions or Proceedings” means any demand, petition, complaint, notice of violation, action, suit, proceeding, claim, arbitration, investigation or other litigation or similar proceeding, including any civil, criminal, administrative or appellate proceeding, in each case, conducted by or before any Governmental or Regulatory Authority, including any arbitrator or arbitration panel exercising comparable authority.

“Affiliate” means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Person specified. For purposes of this definition, “control” (including the terms “controlled by” and “under common control with”) of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person whether through ownership of voting securities or ownership interests, by contract or otherwise, and specifically with respect to a corporation, partnership or limited liability company, means direct or indirect ownership of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

“Agreement” has the meaning set forth in the preamble hereto.

“Ancillary Agreements” means the Closing Assignment & Assumption Agreement, the Dismantlement Contract, the Shutdown Assignment and Assumption Agreement, the Debt Service Assignment & Assumption Agreement, the Transmission Services Agreement Termination, the JOA Termination, the Services Management Agreement, the Deed, the Bill of Sale, the Remediation Contract and any of the other agreements, instruments and documents contemplated to be entered into on or prior to the Closing in connection with this Agreement, including all such agreements, instruments and documents entered into in connection with the Shutdown.

“Bill of Sale” has the meaning set forth in Section 2.01(f).

“Bonds” has the meaning set forth in the preamble hereto.

“Bond Defeasance” has the meaning set forth in the recitals hereto.

“Bond Defeasance Amount” has the meaning set forth in Section 2.03(e)2.03(d).

“Bond Resolution” has the meaning set forth in the recitals hereto.

“Business Day” means any day, other than Saturday, Sunday or any other day on which commercial banks in New York, New York or Jacksonville, Florida are authorized or required by applicable Law to close.

“Claim” has the meaning set forth in Section 12.03(a)(iii).

“Claiming Party” has the meaning set forth in Section 12.05(b).

“Closing” has the meaning set forth in Section 2.04.

“Closing Assignment & Assumption Agreement” has the meaning set forth in Section 2.01(c).

“Closing Date” means the date and time on which the Closing occurs.

“Closing Date Environmental Remediation and Dismantlement Costs” has the meaning set forth in Section 2.06(a).

“Closing Payment Adjustment Statement” has the meaning set forth in Section 2.06(a).

“Closing Payment Objections Statement” has the meaning set forth in Section 2.06(a).

“Contamination” means the presence of any Hazardous Substance at or affecting the SJRPP Site, provided, such Hazardous Substances are present in such concentrations or under such conditions as to create a violation, liability or duty to conduct a response under any Environmental Law.

“Debt Service Assignment & Assumption Agreement” has the meaning set forth in Section 2.01(b).

“Deed” has the meaning set forth in Section 2.01(g).

“Dismantlement Contract” means that certain contract by and among JEA, FPL and a third-party to be chosen using a competitive bidding process, pursuant to which the third party contractor will dismantle SJRPP, except for the Retained Assets.

“Effective Date” has the meaning set forth in Section 2.01.

“Environmental Activity” means any use, storage, holding, existence, Release, emission, discharge, generation, processing, abatement, removal, disposition, handling or transportation of any Hazardous Substance.

“Environmental Claim” means any written complaint, summons, action, citation, notice of violation, directive, order, claim, litigation, investigation, judicial or administrative proceeding or action, judgment, Lien, demand, letter or communication from any Person alleging non-compliance with any Environmental Law relating to any actual or threatened Release, or arising from an Environmental Activity.

“Environmental Laws” means any and all applicable Laws, Orders, Permits or other binding determinations of any judicial or regulatory authority, now or hereafter in effect, of any Governmental or Regulatory Authority, imposing liability, establishing standards of conduct or otherwise relating to protection of the environment (including natural resources, surface water, groundwater, soils and indoor and ambient air), health and safety, land use matters or the presence, use, generation, treatment, storage, disposal, Release or threatened Release, transport or handling of Hazardous Substances.

“Environmental Remediation and Dismantlement Costs” has the meaning set forth in Section 2.09.

“Estimated Materials & Supplies Inventory Amount” means an amount equal to twenty percent (20%) of the book value of the Materials & Supplies Inventory, calculated as of the most recent available monthly financial statement.

“Estimated Shutdown Payment” has the meaning set forth in Section 2.03(c).

“Existing Litigations” has the meaning set forth in Section 12.07(a)(i).

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

“FERC Order” means an Order from the FERC, pursuant to Section 203 of the FPA, authorizing the transfer of FPL’s ownership stake in the Retained Assets to JEA that shall have been issued and shall be in full force and effect.

“FPA” means the Federal Power Act, as amended.

“FPL” has the meaning set forth in the preamble hereto.

“FPL Cash Reserves” means FPL’s portion of the cash balance of the Renewal and Replacement Funds equal to thirty-three million seven hundred and thirty-two thousand five hundred and seven dollars (\$33,732,507.00), as defined in the JOA. It is the intent of JEA to fully utilize the FPL operating account and inventory account balances which currently exist for expenses incurred prior to Shutdown. If they are unable to do so and FPL balances remain, any remaining balance will be utilized to fund the FPL portion of post shutdown activities as set forth in Section 2.05(d).

“FPL Debt Service Reserves” means as of 11:59 PM on the Business Day prior to the Shutdown, FPL’s portion of the cash balance of the Debt Service Reserve Account, as defined in the JOA.

“FPL Disclosure Schedules” has the meaning set forth in Article IV.

“FPL Indemnified Parties” has the meaning set forth in Section 12.03(a)(i).

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

“FPSC Order” means a final non-appealable Order from the FPSC approving the FPSC Petition without modification.

“FPSC Petition” has the meaning set forth in Section 7.01(a)(ii).

“Fuel Inventory” means all fuel and fuel related inventory (including limestone and limestone additives) of SJRPP, as reflected on SJRPP’s balance sheet as the “Fuel inventory.”

“GAAP” means United States generally accepted accounting principles, consistently applied throughout the relevant period.

“Governmental or Regulatory Approval” means any authorization, consent, approval, ruling, tariff, rate, certification, waiver, exemption, filing, variance or Order of, or any notice to or registration by or with, any Governmental or Regulatory Authority.

“Governmental or Regulatory Authority” means any entity exercising executive, legislative, judicial, regulatory or administrative functions of government, including any such governmental authority, agency, department, board, commission or instrumentality of the United States, including FERC, the Federal Communications Commission, North American Electric Reliability Corporation and any of its regional entities, any state of the United States or any political subdivision thereof, the FPSC, and any tribunal, court or arbitrator(s) of competent jurisdiction.

“Hazardous Substance” means any chemical, material, substance or waste that is regulated under or defined as hazardous or toxic under any Environmental Law or with respect to which liability or standards of conduct are imposed under any Environmental Law.

“Indemnified Party” has the meaning set forth in Section 12.03(a)(iii).

“Indemnifying Party” has the meaning set forth in Section 12.03(a)(iii).

“JEA” has the meaning set forth in the preamble hereto.

“JEA Disclosure Schedules” has the meaning set forth in Article III.

“JEA Indemnified Parties” has the meaning set forth in Section 12.03(a)(ii).

“JOA” has the meaning set forth in the recitals hereto.

“JOA Termination” has the meaning set forth in Section 2.01(e).

“Laws” means all laws (including common laws), statutes, rules, regulations, ordinances, codes, guidance documents and other pronouncements (i) having the effect of law of the United States or any state, county, city, tribal or other political subdivision thereof or (ii) of any Governmental or Regulatory Authority.

“Legal Opinion” has the meaning set forth in Section 2.02(a).

“Lien” means any lien, mortgage, pledge, conditional or installment sale agreement, encumbrance, covenant, condition, restriction, charge, option, right of first refusal, easement, security interest, deed of trust, right-of-way, encroachment, occupancy right, or other similar restriction of any nature, including any voting restriction or transfer restriction.

“Loss” means any and all damages, fines, penalties, deficiencies, losses and expenses (including reasonable costs for environmental investigation and remediation, interest, court costs and reasonable fees of attorneys, accountants and other experts) but excluding (a) indirect, special, incidental, consequential or punitive damages, or lost profits or diminutions in value, other than such damages payable to third-parties that are actually imposed or otherwise incurred

or suffered and (b) amounts for which reimbursement is actually received from an insurance company or other third-party.

“Materials & Supplies Inventory” means , without duplication of any Fuel Inventory, the materials & supplies inventory (as defined in the FERC Uniform System of Accounts) balance of SJRPP and the SJRPP Site.

“Material & Supplies Inventory Amount” means, with respect to the Material & Supplies Inventory used by the SJRPP Site between the Shutdown Date and eighty (80) days after the Shutdown Date or sold within eighty (80) days after the Shutdown Date, an amount equal to twenty percent (20%) of the sum of (i) the sales price of any such Material & Supplies Inventory minus (ii) all documented costs and expenses incurred by JEA in connection with any such sale. For the avoidance of doubt, any remaining Materials & Supplies Inventory not sold prior to the post-Shutdown reconciliation will be assigned a zero dollar (\$0.00) value in the Materials & Supplies Inventory Amount and subsequent sales shall be settled in accordance with Section 2.07(b).

“Monthly Payment Process” means (i) a continuation of the estimate, advance and true up process codified in Sections 5.5.1.9 and 5.5.1.10 and Appendix B of the JOA through the Shutdown Date and up to the Closing Date, subject to a final true-up, which process shall be incorporated by reference herein.

“Neutral Auditor” has the meaning set forth in Section 2.05(b).

“Order” means any writ, judgment, decree, injunction or award issued, or otherwise put into effect, by or under the authority of any court, administrative agency or other Governmental or Regulatory Authority (in each such case whether preliminary or final); provided, that “Order” shall not include any Permit.

“Party” or “Parties” each have the meaning set forth in the preamble hereto.

“Permits” means all licenses, permits, certificates of authority, authorizations, approvals, variances, waivers, registrations, franchises and similar consents obtained from or otherwise made available by any Governmental or Regulatory Authority.

“Permitted Liens” means (a) Liens in favor of carriers, warehousemen, repairmen, mechanics, workmen, materialmen, construction or similar statutory liens arising by operation of Law in the ordinary course of business for amounts not yet due and payable or that are being contested in good faith by appropriate Actions or Proceedings, in each case for which adequate reserves have been established in accordance with GAAP, (b) Liens arising from transfer restrictions under securities Laws or similar Laws, (c) Liens on the SJRPP Site created by JEA, and (d) Liens set forth on Schedule 1.01(a) hereto.

“Person” means any individual, corporation, company, voluntary association, partnership, joint venture, trust, limited liability company, other business or similar entity or Governmental or Regulatory Authority.

“Property Taxes” means real property Taxes, personal property Taxes and similar ad valorem Taxes.

“Release” when used with respect to the SJRPP Site or adjoining properties, means the presence of or any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping or disposing of any Hazardous Substance into the environment including the abandonment or discarding of barrels, drums, tanks and similar receptacles and containers containing Hazardous Substances.

“Remediation” or “Remedial Action” and their derivatives (such as “Remediate”) means and includes any investigation, clean-up, corrective action or monitoring required to comply with applicable Environmental Laws including all actions within the definition of “removal” and “remedial” actions as those terms are defined in applicable Environmental Laws.

“Remediation Contract” means that certain contract by and among JEA, FPL and a third-party to be chosen using a competitive bidding process, pursuant to which the third party contractor will Remediate certain portions of the SJRPP Site to the specifications determined by the Parties and in accordance with Environmental Laws.

“Representatives” means, as to any Person, its officers, directors, employees, agents, partners, members, stockholders, counsel, accountants, financial advisors, engineers, consultants and other advisors.

“Responding Party” has the meaning set forth in Section 12.05(b).

“Retained Assets” means those portions of the SJRPP Site identified on Schedule 1.01(b) hereto.

“Separation Benefits” means those separation benefits previously agreed between the Parties to be paid to each SJRPP Employee whose employment is terminated as a result of the Shutdown.

“Services Management Agreement” means that certain agreement by and between JEA and FPL, in substantially the form attached hereto as Exhibit A, pursuant to which JEA will be designated manager of the Dismantlement Contract and Remediation Contract on behalf of SJRPP and the Parties and which will detail the sharing of costs associated with the Dismantlement Contract and Remediation Contract consistent with those obligations as established in the JOA and this Agreement.

“Shutdown” has the meaning set forth in Section 2.02.

“Shutdown Assignment & Assumption Agreement” has the meaning set forth in Section 2.01(a).

“Shutdown Cash Payment” has the meaning set forth in Section 2.03(c).

“Shutdown Date” has the meaning set forth in Section 2.02.

“Shutdown Payment” has the meaning set forth in Section 2.03(a).

“Shutdown Payment Adjustment Amount” means the sum (which may be positive or negative) of the Materials & Supplies Inventory Amount (as finally determined in accordance with Section 2.05), minus the Estimated Materials & Supplies Inventory Amount.

“Shutdown Payment Objections Statement” has the meaning set forth in Section 2.05(a).

“Shutdown Payment Adjustment Statement” has the meaning set forth in Section 2.05(a).

“SJRPP” has the meaning set forth in the recitals hereto.

“SJRPP Contracts” means the contracts pursuant to which JEA provides services to or on behalf of SJRPP set forth on Schedule 1.01(c) hereto.

“SJRPP Employees” shall mean the employees of SJRPP.

“SJRPP Pension Fund” means St. Johns River Power Park System Employees’ Retirement Plan.

“SJRPP Site” means all or any portion of the real property as legally described in Exhibit H, including all improvements, fixtures and equipment, soil, ground water, surface water, air, waterways and bodies of water associated with the real property.

“Tax” means (i) any and all federal, state, provincial, local, foreign and other taxes, levies, fees, imposts, duties and similar governmental charges (including any interest, fines, assessments, penalties or additions to tax imposed in connection therewith or with respect thereto) including (a) taxes imposed on, or measured by, income, franchise, profits or gross receipts, and (b) ad valorem, value added, capital gains, sales, goods and services, use, real or personal property, capital stock, license, branch, payroll, estimated withholding, employment, social security (or similar), unemployment, compensation, utility, severance, separation, production, excise, stamp, occupation, premium, windfall profits, transfer and gains taxes and customs duties and (ii) any obligation to indemnify or otherwise assume or succeed to the tax liability of any other Person by contract or by operation of Law.

“Tax Return” means any return, report, information return, declaration, claim for refund, or other document, together with all schedules, attachments, amendments and supplements thereto (including all related or supporting information), supplied to or required to be supplied to any Governmental or Regulatory Authority responsible for the administration of Taxes.

“Tax Third-Party Claim” has the meaning set forth in Section 10.01(b).

“Third-Party” has the meaning set forth in Section 12.03(a)(iii).

“Third-Party Claim” has the meaning set forth in Section 12.03(a)(iii).

“Transfer Taxes” means all transfer, real property transfer, sales, use, goods and services, documentary, stamp duty, gross receipts, excise, conveyance and other similar Taxes.

“Transmission Service Agreement Termination” has the meaning set forth in Section 2.01(d).

“U.S. Dollars” means the lawful currency of the United States.

“Verification Letter” has the meaning set forth in Section 2.02(a).

1.02 Certain Principles of Interpretation. Each Party hereto has participated in the drafting of this Agreement, which each Party acknowledges is the result of extensive negotiations between the Parties. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision. In this Agreement, unless otherwise indicated: all words defined in the singular have the corresponding meaning in the plural and vice versa; words importing any gender include the other gender; references to statutes or regulations are to be construed as including all statutory or regulatory provisions consolidating, amending or replacing the statute or regulation referred to; references to “writing” include printing, typing, e-mail and other means of reproducing words in a tangible visible form; the words “including,” “includes” and “include” shall be deemed to be followed in each instance by the words “without limitation”; the words “shall” and “will” have the same meaning; the word “or” is not exclusive; references to articles, sections (or subdivisions of sections), exhibits, annexes or schedules are to articles, sections (or subdivisions of sections), exhibits, annexes or schedules of or to this Agreement; references to agreements and other contractual instruments shall be deemed to include all amendments, extensions and other modifications to such instruments (without, however, limiting any prohibition on any subsequent amendments, extensions and other modifications by the terms of this Agreement); and references to Persons include their respective successors and permitted assigns and, in the case of Governmental or Regulatory Authorities, Persons succeeding to their respective functions and capacities; references to “\$” are intended to refer to U.S. Dollars.

Article II

EFFECTIVENESS, FACILITY SHUTDOWN AND CLOSING

2.01 Effective Date Transactions. On the date hereof (the “Effective Date”), the Parties have executed the Services Management Agreement and this Agreement. The Parties have also negotiated the following form agreements to be executed and delivered at either the Shutdown or the Closing (as applicable):

(a) an assignment and assumption agreement, in substantially the form attached hereto as Exhibit B (the “Shutdown Assignment & Assumption Agreement”), assigning the FPL Cash Reserves, FPL’s portion of the Fuel Inventory and FPL’s portion of the Materials & Supply Inventory from FPL to JEA as partial payment of the Estimated Shutdown Payment, with such Shutdown Assignment & Assumption Agreement effective upon the Shutdown;

(b) an assignment and assumption agreement, in substantially the form attached hereto as Exhibit C (the “Debt Service Assignment & Assumption Agreement”), assigning the FPL Debt Service Reserves from FPL to JEA, with such Debt Service Assignment & Assumption Agreement effective upon the Shutdown;

(c) an assignment and assumption agreement, in substantially the form attached hereto as Exhibit D (the “Closing Assignment & Assumption Agreement”), assigning the Permits from FPL to JEA, with such Closing Assignment & Assumption Agreement effective upon the Closing;

(d) a termination agreement, in substantially the form attached hereto as Exhibit E (the “Transmission Service Agreement Termination”), which will terminate all rights and responsibilities of the Parties under the Transmission Services Agreement, with such Transmission Service Agreement Termination effective upon the Shutdown;

(e) a termination agreement, in substantially the form attached hereto as Exhibit F (the “JOA Termination”), which will terminate all rights and responsibilities of the Parties under the JOA, with such JOA Termination effective upon the Closing;

(f) a bill of sale, in substantially the form attached hereto as Exhibit G (the “Bill of Sale”), transferring SJRPP and the Retained Assets from FPL to JEA, with such Bill of Sale effective upon the Closing; and

(g) a special warranty deed, in substantially the form attached hereto as Exhibit H (the “Deed”), transferring FPL’s interest in the SJRPP Site from FPL to JEA, with such Deed effective upon the Closing.

2.02 Facility Shutdown. The Parties agree that all operation of SJRPP as a generating facility shall cease (the “Shutdown”) on the later of (such date, the “Shutdown Date”) (x) January 5, 2018, and (y) three (3) Business Days after (i) each of the Parties shall have delivered to the other Party written notice (which shall not be unreasonably withheld, conditioned or delayed) that such Party is ready to commence the Shutdown and (ii) the satisfaction or valid waiver of each of the conditions set forth in Sections 8.01 and 9.01 and each of the following conditions (other than any such conditions that by their terms are not capable of satisfaction until the Shutdown, but subject to the satisfaction or valid waiver of such conditions at the Shutdown):

(a) JEA shall have received evidence in form and substance reasonably satisfactory to JEA and FPL that, upon payment of the Bond Defeasance Amount in accordance with Section 2.03(e), the Bond Defeasance shall be consummated, including (i) an executed copy or copies of an escrow deposit agreement or escrow deposit agreements, as applicable, under which JEA and a trustee have agreed to take actions set forth in such escrow deposit agreement(s) necessary to satisfy the requirements to defease the Bonds under the applicable Bond Resolution and related documentation, (ii) an executed copy of a verification letter of GNP Services, CPA, PA or an alternative verification agent reasonably acceptable to JEA, FPL, the law firm providing the Legal Opinion and, if necessary, the insurer of any of the Bonds being defeased, dated as of the Shutdown Date, in form and substance reasonably satisfactory to JEA, the law firm providing the Legal Opinion and, if necessary, the insurer of any of the Bonds being defeased and to the effect that the amount required to be deposited into the escrow account to consummate the Bond Defeasance on the Shutdown Date is sufficient to pay the Bonds in full on the applicable maturity or redemption dates, as specified in the escrow deposit agreement(s) (the “Verification Letter”), and (iii) a legal opinion of Nixon Peabody LLP or an alternative law firm reasonably acceptable to JEA and FPL, dated as of the Shutdown Date, in form and substance

reasonably satisfactory to JEA and, if necessary, the insurer of any of the Bonds being defeased and to the effect that, (A) based upon assumptions and limitations typically made by such counsel in these types of opinions, provision having been made for the payment of the redemption price of the Bonds and the payment of interest thereon in accordance with the terms of the section specifying defeasance requirements in the Bond Resolution, the Bonds have ceased to be entitled to any lien, benefit or security under the Bond Resolution, and all covenants, agreements and obligations of JEA to the holders of the Bonds have ceased, terminated and become void and have been discharged and satisfied and (B) based upon assumptions and limitations typically made by such counsel in these types of opinions the defeasance of the Bonds as provided in the escrow deposit agreement or escrow deposit agreements, as applicable, will not in and of itself, cause interest on the Bonds to be included in gross income for federal income tax purposes (the "Legal Opinion");

(b) the FERC Order shall have been issued and shall be in full force and effect; and

(c) the FPSC Order shall have been issued and shall be in full force and effect.

2.03 Shutdown Payment.

(a) At Shutdown, among other things, FPL shall pay to JEA an aggregate amount equal to Ninety Million Four Hundred Thousand Dollars (\$90,400,000.00) (such amount, the "Shutdown Payment") in accordance with Section 2.03(c), following which the Parties acknowledge and agree Section 8 of the JOA shall no longer apply.

(b) No later than three (3) Business Days prior to the Shutdown Date, JEA will deliver to FPL in writing JEA's good faith estimate of (i) the FPL Cash Reserves, (ii) the Estimated Materials & Supplies Inventory Amount, and (iii) the resulting Shutdown Cash Payment.

(c) At the Shutdown, FPL shall pay JEA (such amount, the "Estimated Shutdown Payment") (i) the FPL Cash Reserves, which shall be assigned at the Shutdown in accordance with the Shutdown Assignment & Assumption Agreement, and (ii) an amount in cash (the "Shutdown Cash Payment") by wire transfer of immediately available funds to an account (or accounts) designated in writing by JEA equal to the Shutdown Payment minus (A) the FPL Cash Reserves, minus (B) the Estimated Materials & Supplies Inventory Amount.

(d) At the Shutdown, FPL shall pay JEA the FPL Debt Service Reserves, which shall be assigned at Shutdown in accordance with the Debt Service Assignment & Assumption Agreement.

(e) At the Shutdown, JEA shall pay to an escrow account designated by US Bank, as trustee of the Bonds, the amount required to consummate the Bond Defeasance set forth in the Verification Letter, which amount shall include the FPL Debt Service Reserves assigned to JEA in accordance with Section 2.03(d) (the "Bond Defeasance Amount").

2.04 Closing. The Parties agree that FPL shall transfer its twenty percent (20%) undivided ownership interest in the Retained Assets to JEA in accordance with Exhibit G hereto, and transfer its twenty percent (20%) undivided ownership interest in the SJRPP Site to JEA in accordance with Exhibit H hereto (collectively the “Closing”), upon the satisfaction or valid waiver of each of the conditions set forth in Sections 8.02 and 9.02 and each of the following conditions (other than any such conditions that by their terms are not capable of satisfaction until the Closing, but subject to the satisfaction or valid waiver of such conditions at the Closing):

(a) all activities to be undertaken under the Dismantlement Contract shall have been fully performed to the reasonable satisfaction of the Parties; and

(b) all activities to be undertaken under the Remediation Contract shall have been fully performed to the reasonable satisfaction of the Parties.

2.05 Post-Shutdown Reconciliation.

(a) JEA’s Shutdown Estimate. JEA will prepare and deliver to FPL not later than ninety (90) days after the Shutdown Date a statement (the “Shutdown Payment Adjustment Statement”) setting forth JEA’s good faith computation of the Material & Supplies Inventory Amount, and resulting Shutdown Payment Adjustment Amount, which computation shall be prepared first, in accordance with the applicable definitions thereof and second, in accordance with the accounting principles used in the regular management of SJRPP accounts as set forth in the JOA, together with a reasonably detailed explanation of, and documentation sufficient to confirm the accuracy of, the computation of such adjustment. If FPL requests, JEA will provide FPL with reasonable access to the books and records of SJRPP for purposes of FPL’s evaluation of the Shutdown Payment Adjustment Statement. If FPL has any objections to the Shutdown Payment Adjustment Statement, FPL will deliver to JEA a written statement setting forth its objections thereto, which shall include a reasonably detailed explanation of, and documentation sufficient to confirm the accuracy of the computation of, such adjustment (a “Shutdown Payment Objections Statement”). If within forty-five (45) days following delivery of such Shutdown Payment Adjustment Statement, FPL does not deliver to JEA a Shutdown Payment Objections Statement, then the Materials & Supplies Inventory Amount, and the Shutdown Payment Adjustment Amount as set forth in the Shutdown Payment Adjustment Statement shall be final, binding and non-appealable by the Parties and the applicable Party shall make payment to the other in accordance with Section 2.05(c). If, within forty-five (45) days following delivery of such Shutdown Payment Adjustment Statement, FPL delivers a Shutdown Payment Objections Statement, the proposed adjustment shall be subject to the objection and resolution provisions set forth in Section 2.05(b) below.

(b) Post-Shutdown Dispute Resolution. If FPL timely delivers a Shutdown Payment Objections Statement to object to JEA’s Shutdown Payment Adjustment Statement pursuant to Section 2.05(a), then FPL and JEA shall negotiate in good faith and attempt to resolve such dispute over a twenty (20) day period commencing on delivery of written notice of objection pursuant to Section 2.05(a). Should such negotiations not result in an agreement within such twenty (20) day period (or such longer period as FPL and JEA may mutually agree), then either Party may submit such disputed items and values to a nationally recognized firm of independent certified public accountants agreed upon by JEA and FPL (the “Neutral Auditor”).

Each Party agrees to promptly execute a reasonable engagement letter, if requested to do so by the Neutral Auditor. FPL and JEA shall, and shall instruct their respective Representatives to, use their commercially reasonable efforts to cooperate with the Neutral Auditor. The Neutral Auditor, acting as an expert and not an arbitrator, shall (i) resolve such dispute and make its determination in a manner consistent, first, with the applicable definitions of the Materials & Supplies Inventory Amount and the Shutdown Payment Adjustment Amount and second, with the accounting principles used in the regular management of SJRPP accounts as set forth in the JOA, (ii) only base its determination on the written submissions of the Parties and not conduct an independent investigation, and (iii) resolve any disputed item (if not in accordance with the position of either JEA or FPL) so that it is not in excess of the higher, nor less than the lower, of the amounts presented in JEA's Shutdown Payment Adjustment Statement or FPL's Shutdown Payment Objections Statement. The Neutral Auditor shall be directed to resolve such disputes and calculate, as applicable, the Materials & Supplies Inventory, and the Shutdown Payment Adjustment Amount within thirty (30) days after being retained. All fees and expenses relating to the work, if any, to be performed by the Neutral Auditor will be borne equally by FPL and JEA. The determination of the Neutral Auditor shall be final, conclusive and binding on the Parties.

(c) Shutdown Payment Settlement.

(i) If the Shutdown Payment Adjustment Amount (as determined pursuant to this Section 2.05) is a positive number, then on or before the fifth (5th) Business Day after such determination, JEA shall deliver to an account or accounts specified by FPL an amount equal to the Shutdown Payment Adjustment Amount by wire transfer of immediately available funds in U.S. Dollars; and

(ii) If the Shutdown Payment Adjustment Amount (as determined pursuant to this Section 2.05) is a negative number, then on or before the fifth (5th) Business Day after such determination, FPL shall deliver to an account or accounts specified by JEA an amount equal to the absolute value of the Shutdown Payment Adjustment Amount by wire transfer of immediately available funds in U.S. Dollars.

(d) Monthly Payment Process. Subsequent to the Shutdown Date and through the Closing Date, FPL will continue to remit estimated costs attributable to its obligations associated with the Environmental Remediation and Dismantlement Costs pursuant to Section 2.08 and will pay or receive true ups in accordance with the existing process outlined in the JOA Sections 5.5.1.9 and 5.5.1.10 and Appendix B. JEA will establish a new account titled the Environmental Remediation and Dismantlement account for purposes of this ongoing billing process which will continue through the Closing Date. To the extent cash amounts remain in FPL's operating and inventory accounts established and maintained by JEA in accordance with the JOA after shutdown, any remaining balance will be applied to monthly payments owed by FPL under Section 2.08.

2.06 Post-Closing Adjustment.

(a) JEAs Closing Estimate. JEA will prepare and deliver to FPL not later than ninety (90) days after the Closing Date, a statement (the "Closing Payment Adjustment

Statement”) setting forth JEA’s good faith computation of the final true up of costs associated with Environmental Remediation and Dismantlement Costs incurred prior to the Closing Date (the “Closing Date Environmental Remediation and Dismantlement Costs”), together with a reasonably detailed explanation of, and documentation sufficient to confirm the accuracy of the computation of such adjustment. If FPL requests, JEA will provide FPL with reasonable access to the books and records of SJRPP for purposes of FPL’s evaluation of the Closing Payment Adjustment Statement. If FPL has any objections to the Closing Payment Adjustment Statement, FPL will deliver to JEA a written statement setting forth its objections thereto, which shall include a reasonably detailed explanation of, and documentation sufficient to confirm the accuracy of the computation of such adjustment (a “Closing Payment Objections Statement”). If within forty-five (45) days following delivery of such Closing Payment Adjustment Statement, FPL does not deliver to JEA a Closing Payment Objections Statement, then the Closing Amount as set forth in the Closing Payment Adjustment Statement shall be final, binding and non-appealable by the Parties and the applicable Party shall make payment to the other in accordance with Section 2.06(a). If, within forty-five (45) days following delivery of such Closing Payment Adjustment Statement, FPL delivers a Closing Payment Objections Statement, the proposed adjustment shall be subject to the objection and resolution provisions set forth in Section 2.06(b)1.01(b) below.

(b) Post-Closing Dispute Resolution. If FPL timely delivers a Closing Payment Objections Statement to object to JEA’s Closing Payment Adjustment Statement pursuant to Section 2.06(a), then FPL and JEA shall negotiate in good faith and attempt to resolve such dispute over a twenty (20) day period commencing on delivery of written notice of objection pursuant to Section 2.06(a). Should such negotiations not result in an agreement within such twenty (20) day period (or such longer period as FPL and JEA may mutually agree), then either Party may submit such disputed items and values to the Neutral Auditor. Each Party agrees to promptly execute a reasonable engagement letter, if requested to do so by the Neutral Auditor. FPL and JEA shall, and shall instruct their respective Representatives to, use their commercially reasonable efforts to cooperate with the Neutral Auditor. The Neutral Auditor, acting as an expert and not an arbitrator, shall (i) resolve such dispute and make its determination in a manner consistent, first, with the applicable definition of the Closing Environmental Remediation and Dismantlement Costs and second, with the accounting principles used in the regular management of SJRPP accounts as set forth in the JOA, (ii) only base its determination on the written submissions of the Parties and not conduct an independent investigation, and (iii) resolve any disputed item (if not in accordance with the position of either JEA or FPL) so that it is not in excess of the higher, nor less than the lower, of the amounts presented in JEA’s Closing Payment Adjustment Statement or FPL’s Closing Payment Objections Statement. The Neutral Auditor shall be directed to resolve such disputes and calculate the Environmental Remediation and Dismantlement Costs within thirty (30) days after being retained. All fees and expenses relating to the work, if any, to be performed by the Neutral Auditor will be borne equally by FPL and JEA. The determination of the Neutral Auditor shall be final, conclusive and binding on the Parties.

(c) Closing Payment Settlement.

(i) If the Closing Environmental Remediation and Dismantlement Costs (as determined pursuant to this Section 2.06) is less than the amounts paid by FPL to JEA

prior to the Closing Date pursuant to Section 2.08, then on or before the fifth (5th) Business Day after such determination, JEA shall deliver to an account or accounts specified by FPL an amount equal to such difference; and

(ii) If the Closing Environmental Remediation and Dismantlement Costs (as determined pursuant to this Section 2.06) is greater than the amounts paid by FPL to JEA prior to the Closing Date pursuant to Section 2.08, then on or before the fifth (5th) Business Day after such determination, FPL shall deliver to an account or accounts specified by JEA an amount equal to such excess.

2.07 Inventory.

(a) Fuel Inventory. From and after the date hereof until the Shutdown, the Parties shall use their good faith efforts to minimize additional acquisitions of Fuel Inventory; provided, however, that nothing in this Section 2.07 is intended to restrict either Party from operating SJRPP as a generating facility in the ordinary course of business consistent with the JOA. At the Shutdown Date, FPL shall assign its ownership interest in any remaining Fuel Inventory to JEA pursuant to the Shutdown Assignment & Assumption Agreement. Without limiting FPL's obligation under Section 2.08, the Services Management Agreement, the Dismantlement Contract and the Remediation Contract, JEA will be responsible for any and all costs associated with removal and transportation expenses with respect to the assigned Fuel Inventory, along with any and all disposal and disposal related expenses.

(b) Materials & Supplies Inventory. From and after the Shutdown, JEA shall use its commercially reasonable efforts to either (a) cause the SJRPP Site to use any remaining Material & Supplies Inventory or (b) sell the Material & Supplies Inventory. To the extent that any Material & Supplies Inventory not taken into account in the calculation of the Shutdown Payment Adjustment Amount is either used by the SJRPP Site or sold after the Shutdown Date, then within five (5) Business Days of its receipt of payment of any such Material & Supplies Inventory, JEA shall remit to FPL an amount equal to twenty (20%) of the sum of (i) the sales price of any such Material & Supplies Inventory minus (ii) all documented costs and expenses incurred by JEA in connection with any such sale. For the avoidance of doubt, any such Materials & Supply Inventory that is either used by the SJRPP Site or sold to JEA or FPL or any of their respective Affiliates shall be valued at the book value of such Materials & Supply Inventory, calculated as of the date of such use or sale.

2.08 Environmental Remediation and Dismantlement Costs. For the avoidance of doubt, and notwithstanding anything contained in this Agreement (including Section 11.01), FPL shall pay to JEA an amount equal to 20% of all fees, costs and expenses incurred or payable by JEA and/or SJRPP or the SJRPP Site in connection with the Services Management Agreement, the Dismantlement Contract and the Remediation Contract, as more fully set forth in the Services Management Agreement, including any such fees, costs and expenses incurred or payable from and after the Closing Date (the "Environmental Remediation and Dismantlement Costs").

2.09 Adjustment to Shutdown Payment. All payments required pursuant to Section 2.05(c) will be deemed to be adjustments for Tax purposes to the aggregate Shutdown Payment paid by FPL pursuant to this Agreement.

Article III

REPRESENTATIONS AND WARRANTIES OF JEA

Except for those representations and warranties that are made as of a specific date or as disclosed in the disclosure schedules delivered by JEA to FPL on the date hereof (the “JEA Disclosure Schedules”), JEA hereby represents and warrants to FPL as follows as of the date hereof, the Shutdown Date and the Closing Date:

3.01 Legal Existence; Power. JEA is a body politic and an independent agency of the City of Jacksonville, Florida, organized and existing and in good standing under the laws of the State of Florida. JEA has all requisite right, power and authority and full legal capacity to execute and deliver this Agreement and to perform its obligations hereunder, including the consummation of the transactions contemplated hereby.

3.02 Authority. The execution and delivery by JEA of this Agreement, the performance by JEA of its obligations under this Agreement and the consummation by JEA of the transactions contemplated hereby have been duly and validly authorized by all necessary action of JEA, including by JEA’s Board of Directors. This Agreement has been duly and validly executed and delivered by JEA and (assuming the due authorization, execution and delivery thereof by FPL) constitutes the legal, valid and binding obligation of JEA enforceable against JEA in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar Laws of general applicability related to or affecting creditors’ rights, and to general equitable principles, including specific performance and injunctive and other forms of equitable relief).

3.03 No Conflicts. Except (i) as set forth on Schedule 3.03 or Schedule 3.04 or (ii) in the case of clauses (b) or (c), as would not prevent or materially impair or delay JEA from performing its obligations hereunder, the execution and delivery by JEA of this Agreement, the performance by JEA of its obligations under this Agreement and the consummation by JEA of the transactions contemplated hereby do not and will not (with or without notice or lapse of time, or both): (a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the bylaws, or other organizational or governing documents, of JEA, (b) conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to JEA or SJRPP or (c) conflict with, result in a violation or breach of any term or provision of, result in any breach or loss of any benefit under, give to others any right of termination, amendment, acceleration or cancelation of, or result in the creation or imposition of any Lien (other than a Permitted Lien) upon any portion of SJRPP or the SJRPP Site pursuant to any contract or Permit to which JEA or any of its Affiliates is a party or any portion of SJRPP or the SJRPP Site is subject.

3.04 Governmental or Regulatory Approvals; Filings. Except as set forth in Schedule 3.04 or as would not prevent or materially impair or delay JEA from performing its obligations hereunder, no Governmental or Regulatory Approval is required in connection with the execution and delivery by JEA of this Agreement or the consummation of the transactions contemplated hereby.

3.05 Compliance with Laws. JEA is not in violation of or in default under any Law or Order applicable to JEA, the effect of which, in the aggregate, would prevent or materially impair or delay JEA from performing its obligations hereunder.

3.06 Legal Proceedings. There are no Actions or Proceedings about which JEA has received written notice pending or, to the knowledge of JEA, threatened in writing against JEA, SJRPP or the SJRPP Site that would, if successful, (i) result in the issuance of an Order restraining, enjoining or otherwise prohibiting or making illegal the transactions contemplated under this Agreement or the performance by JEA of its obligations under this Agreement or (ii) prevent or materially impair or delay JEA from performing its obligations hereunder.

3.07 Bankruptcy. There are no bankruptcy, reorganization, or arrangement proceedings pending against, being contemplated by, or to the knowledge of JEA, threatened against JEA.

3.08 Brokers. Neither JEA nor any of its Affiliates has any liability or obligation to pay fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement, any Ancillary Agreement or any other agreement or instrument contemplated hereby and thereby for which FPL or its Affiliates could become liable or obliged.

3.09 Taxes. Other than Taxes that will be paid by JEA, (a) JEA will not incur any Tax obligations in connection with the consummation of the transactions contemplated by this Agreement, and (b) there are no unpaid Taxes that are or may become due and payable associated with JEA's eighty percent (80%) interest in SJRPP and the SJRPP Site.

Article IV

REPRESENTATIONS AND WARRANTIES OF FPL

Except for those representations and warranties that are made as of a specific date or as disclosed in the disclosure schedules delivered by FPL to JEA on the date hereof (the "FPL Disclosure Schedules"), FPL hereby represents and warrants to JEA as follows as of the date hereof, the Shutdown Date and the Closing Date:

4.01 Legal Existence; Power. FPL is a corporation duly formed, validly existing and in good standing under the Laws of the State of Florida. FPL has all requisite right, power and authority and full legal capacity to execute and deliver this Agreement and to perform its obligations hereunder, including the consummation of the transactions contemplated hereby.

4.02 Authority. The execution and delivery by FPL of this Agreement, the performance by FPL of its obligations under this Agreement and the consummation by FPL of the transactions contemplated hereby have been duly and validly authorized by all necessary action of FPL. This Agreement has been duly and validly executed and delivered by FPL and (assuming the due authorization, execution and delivery thereof by JEA) constitutes the legal, valid and binding obligation of FPL enforceable against FPL in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar Laws of general applicability related to or affecting

creditors' rights, and to general equitable principles, including specific performance and injunctive and other forms of equitable relief).

4.03 No Conflicts. Except (i) as set forth on Schedule 4.03 or Schedule 4.040 or (ii) in the case of clauses (b) or (c), as would not prevent or materially impair or delay FPL from performing its obligations hereunder, the execution and delivery by FPL of this Agreement, the performance by FPL of its obligations under this Agreement and the consummation by FPL of the transactions contemplated hereby do not and will not (with or without notice or lapse of time, or both): (a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the bylaws, or other organizational or governing documents, of FPL, (b) conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to FPL or SJRPP or (c) conflict with, result in a violation or breach of any term or provision of, result in any breach or loss of any benefit under, give to others any right of termination, amendment, acceleration or cancelation of, or result in the creation or imposition of any Lien (other than a Permitted Lien) upon any portion of SJRPP or the SJRPP Site pursuant to any contract or Permit to which FPL or any of its Affiliates is a party or any portion of SJRPP or the SJRPP Site is subject.

4.04 Governmental or Regulatory Approvals. Except as set forth in Schedule 4.04 or as would not prevent or materially impair or delay FPL from performing its obligations hereunder, no Governmental or Regulatory Approval is required in connection with the execution and delivery by FPL of this Agreement or the consummation of the transactions contemplated hereby.

4.05 Assets. FPL owns good and valid title in an undivided twenty-percent (20%) interest of all of the personal properties and assets, tangible and intangible, used in connection with the operation of SJRPP or the SJRPP Site in the ordinary course of business consistent with past practices, free and clear of all Liens, except for Permitted Liens.

4.06 Real Property. FPL has a good, valid and insurable undivided twenty-percent (20%) interest in and to the SJRPP Site, free and clear of all Liens other than Permitted Liens.

4.07 Compliance with Laws. FPL is not in violation of or in default under any Law or Order applicable to FPL, the effect of which, in the aggregate, would prevent or materially impair or delay FPL from performing its obligations hereunder.

4.08 Legal Proceedings. There are no Actions or Proceedings about which FPL has received written notice pending or, to the knowledge of FPL, threatened in writing against FPL or SJRPP or the SJRPP Site that would, if successful, (i) result in the issuance of an Order restraining, enjoining or otherwise prohibiting or making illegal the transactions contemplated under this Agreement or the performance by FPL under this Agreement or (ii) materially impair or delay the ability of FPL from performing its obligations hereunder.

4.09 Financing. FPL has and will have at the Shutdown Date sufficient cash on hand or other immediately available funds in the aggregate to enable it to consummate the transactions contemplated by this Agreement on the terms contemplated hereby, including the payment of the Estimated Shutdown Payment and the other amounts owing to JEA pursuant to Article II.

4.10 Taxes.

(a) FPL has duly filed with the appropriate Governmental or Regulatory Authority exercising taxing authority all Tax Returns required to be filed by it or its Affiliates in connection with its twenty percent (20%) ownership interest in SJRPP, and such Tax Returns are true, correct and complete in all material respects.

(b) FPL has duly paid in full any and all Taxes owed by it or its Affiliates in connection with its twenty percent (20%) ownership interest in SJRPP.

(c) As of the date hereof, to FPL's knowledge, there are no pending or threatened in writing Tax audits, examinations or Actions or Proceedings with respect to FPL's twenty percent (20%) ownership interest in SJRPP.

4.11 Bankruptcy. There are no bankruptcy, reorganization, or arrangement proceedings pending against, being contemplated by, or to the knowledge of FPL, threatened against, FPL.

4.12 Brokers. Neither FPL nor any of its Affiliates has any liability or obligation to pay fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement, any Ancillary Agreement or any other agreement or instrument contemplated hereby and thereby for which JEA or its Affiliates could become liable or obliged.

Article V

COVENANTS OF JEA

JEA agrees for the benefit of FPL, except to the extent FPL may otherwise consent in writing, as follows:

5.01 Conduct of Business. From the date hereof until the Shutdown Date and except as permitted, contemplated or required by this Agreement or any Ancillary Agreement, JEA shall use all commercially reasonable efforts, in its role as lead manager, to execute and implement all decisions from the various committees established under the JOA and according to the policies and procedures mutually agreed by the Parties therein, including maintaining accounting and recordkeeping principles, maintaining insurance coverages, procurement and any other policies and procedures agreed to by the Parties.

5.02 Governmental Approvals; Third-Party Consents.

(a) From the date hereof until the Closing, JEA shall proceed diligently and in good faith and use all commercially reasonable efforts to, as promptly as practicable, (i) obtain and maintain in full force and effect all Governmental or Regulatory Approvals required by JEA in connection with the transactions contemplated by this Agreement, (ii) cooperate in good faith with the applicable Governmental or Regulatory Authorities and provide promptly such other information and communications to such Governmental or Regulatory Authorities as such Governmental or Regulatory Authorities may reasonably request in connection therewith, (iii) defend against all Actions or Proceedings challenging this Agreement or the consummation of

the transactions contemplated hereby, (iv) (A) lift any permanent or preliminary injunction or restraining order or other Order issued or entered by any court or Governmental or Regulatory Authority of any type that would cause any condition to the Shutdown or the Closing under this Agreement not to be satisfied and (B) resolve any objections asserted with respect to the transactions contemplated by this Agreement raised by any Governmental or Regulatory Authority and (v) obtain all material consents and approvals of any Person (other than any Governmental or Regulatory Authority) that JEA is required to obtain in order to consummate the transactions contemplated hereby.

(b) Notwithstanding Section 5.02(a), under no such circumstance shall (i) JEA be required to agree to dispose of, license, hold separate, or acquire any assets or lines of business or enter into, terminate, amend or assign any contracts, contractual rights or existing relationships (other than as expressly contemplated by this Agreement) or (ii) JEA be obligated to bear any expense or pay any fee or grant any concession in connection with obtaining any consents, authorizations or approvals pursuant to the terms of any contract applicable to JEA, SJRPP or the SJRPP Site in order to consummate the transactions contemplated hereby. To the extent legally permitted, JEA will provide prompt notification to FPL when any such approval referred to in this Section 5.02 is obtained or denied, as applicable, and will advise FPL of any material communications with any Governmental or Regulatory Authorities or other Person regarding any of the transactions contemplated by this Agreement.

5.03 Bond Defeasance. Assuming the payment by FPL of all amounts required to be paid by FPL pursuant to Section 2.03(d) on the Shutdown Date, JEA shall use all commercially reasonable efforts to cause the Bond Defeasance to be consummated on the Shutdown Date or as soon as practicable thereafter.

5.04 SJRPP Contracts. Following the Shutdown Date and on or prior to the Closing, JEA will use commercially reasonable efforts to (i) terminate all SJRPP Contracts or (ii) provide FPL a written release from all future obligations (including financial contributions) related to any surviving SJRPP Contracts.

5.05 Fulfillment of Conditions. JEA shall (a) execute and deliver at the Closing each document that it is required to execute and deliver as a condition to the Closing under this Agreement and (b) subject to Section 5.02, use commercially reasonable efforts to take, or cause to be taken, all appropriate actions necessary or desirable to satisfy each other condition to the obligations of JEA contained in this Agreement.

Article VI

COVENANTS OF FPL

FPL agrees for the benefit of JEA, except to the extent JEA may otherwise consent in writing, as follows:

6.01 Conduct of Business.

(a) From the date hereof until the Shutdown Date and except as reasonably required to comply with the terms of this Agreement or any Ancillary Agreement, FPL shall

conduct its operations at SJRPP and the SJRPP Site in the ordinary course consistent with past practices and in accordance with the JOA and all applicable Laws and Permits. Without limiting the generality of the previous sentence of this Section 6.01, prior to the Closing, except as JEA may otherwise agree in writing or as reasonably required to comply with the terms of this Agreement or any Ancillary Agreement, FPL shall not:

(i) cause SJRPP or the SJRPP Site to (A) create, incur, guarantee or assume any indebtedness for borrowed money or (B) subject any material portion of the properties or assets of SJRPP or the SJRPP Site to any Liens, except for Permitted Liens;

(ii) sell, lease, transfer, assign, license, abandon, permit to lapse or otherwise dispose of, directly or indirectly, any of the material assets of SJRPP or the SJRPP Site; or

(iii) enter into, terminate, amend, modify, waive or change any material contract of SJRPP or the SJRPP Site or enter into any contract that would be material to SJRPP or the SJRPP Site.

(b) From and after the Shutdown until the Closing and except as reasonably required to comply with the terms of this Agreement, the JOA or any Ancillary Agreement or as otherwise expressly permitted by the Services Management Agreement or the JOA, FPL shall cease all operations with respect to SJRPP and the SJRPP Site.

6.02 Governmental Approvals; Third-Party Consents.

(a) From the date hereof until the Closing, FPL shall, and shall cause its Affiliates to, proceed diligently and in good faith and use all commercially reasonable efforts to, as promptly as practicable, (i) obtain and maintain in full force and effect all Governmental or Regulatory Approvals (including the FPSC Petition) required by FPL in connection with the transactions contemplated by this Agreement, (ii) cooperate in good faith with the applicable Governmental or Regulatory Authorities and provide promptly such other information and communications to such Governmental or Regulatory Authorities as such Governmental or Regulatory Authorities may reasonably request in connection therewith, (iii) defend against all Actions or Proceedings challenging this Agreement or the consummation of the transactions contemplated hereby, (iv) (A) lift any permanent or preliminary injunction or restraining order or any other Order issued or entered by any court or Governmental or Regulatory Authority of any type that would cause any condition to the Shutdown or the Closing under this Agreement not to be satisfied and (B) resolve any objections asserted with respect to the transactions contemplated by this Agreement raised by any Governmental or Regulatory Authority, and (v) obtain all material consents and approvals of any Person (other than any Governmental or Regulatory Authority) that FPL is required to obtain in order to consummate the transactions contemplated hereby.

(b) Notwithstanding Section 6.02(a), under no such circumstance shall (i) FPL be required to agree to dispose of, license, hold separate, or acquire any assets or lines of business or enter into, terminate, amend or assign any contracts, contractual rights or existing relationships (other than as expressly contemplated by this Agreement) or (ii) FPL be obligated to bear any expense or pay any fee or grant any concession in connection with obtaining any

consents, authorizations or approvals pursuant to the terms of any contract applicable to FPL, SJRPP or the SJRPP Site in order to consummate the transactions contemplated hereby. To the extent legally permitted, FPL will provide prompt notification to JEA when any approval referred to in this Section 6.02 is obtained, taken, made, given or denied, as applicable, and will advise JEA of any material communications with any Governmental or Regulatory Authorities or other Person regarding any of the transactions contemplated by this Agreement.

6.03 Permit Transfers. Between the Shutdown Date and the Closing Date, FPL shall cooperate in good faith with JEA to transfer from SJRPP to JEA any Permits required by JEA for continued ownership and operation of the Retained Assets and the SJRPP Site.

6.04 Fulfillment of Conditions. FPL shall (a) execute and deliver at the Closing each document that it is required to execute and deliver as a condition to the Closing under this Agreement and (b) use commercially reasonable efforts to take, or cause to be taken, all appropriate actions necessary or desirable to satisfy each other condition to the obligations of FPL contained in this Agreement.

6.05 Title Insurance. FPL shall obtain, from a nationally recognized title insurance company, an owner's title insurance policy for FPL's twenty percent (20%) undivided ownership interest in the SJRPP Site, excluding survey coverage. FPL shall deliver any affidavits, including customary owner's affidavits, survey affidavits (no new improvements), gap affidavits and non-imputation affidavits, that such title insurance company shall reasonably require, in form and substance reasonably satisfactory to the title company and FPL, in order to deliver the title insurance policies. For the avoidance of doubt, the Parties agree that JEA may provide any surveyors reasonable access to the SJRPP Site for the purposes of updating or producing surveys with respect to the SJRPP Site.

Article VII

GOVERNMENTAL FILINGS

7.01 Governmental Filings.

(a) FPSC.

(i) As soon as practicable, and in any event no later than ten (10) days after the Effective Date, FPL will provide to JEA and its Representatives a draft form of the FPSC Petition that FPL intends to file with the FPSC for their review.

(ii) As soon as practicable, and in any event no later than fifteen (15) days after the Effective Date, FPL shall make a filing with the FPSC seeking Governmental or Regulatory Approval of FPL's proposed cost recovery associated with the material terms of this Agreement and setting forth FPL's arguments for approval of the filing (the "FPSC Petition") and thereafter shall use commercially reasonable efforts to comply with the requirements of the FPSC in conducting the hearings and other proceedings in connection with the FPSC Petition in order to obtain any Governmental or Regulatory Approval related thereto, including by promptly complying with any relevant request for additional information received by FPL or its Affiliates from the FPSC with respect thereto, provided, that FPL shall not be required to, and shall not be

required to cause its Affiliates to, provide any such information where the provision of access or furnishing of such information would (A) violate any Law, Order, material contract, Permit or Governmental or Regulatory Approval applicable to FPL or Affiliates of FPL, or any of their assets and properties; (B) result in the waiver of any attorney/client, work product, or similar privilege or (C) disclose any confidential information concerning the activities of FPL or its Affiliates that is unrelated to the Agreement. FPL agrees that it will file the FPSC Petition with the express request that the FPSC grant the FPSC Petition without any modification to this Agreement or conditions to the consummation of the transactions contemplated thereunder other than the conditions specified in the FPSC Petition or this Agreement. If requested by FPL but subject to Section 5.02(b), JEA shall reasonably cooperate with FPL in connection with FPL's filing with the FPSC, which may include (i) filing testimony if provided an opportunity to do so and such testimony is requested by FPL to come from JEA in support of the FPSC Petition (at FPL's sole cost and expense; provided, that (i) FPL shall have the right to consent (not to be unreasonably withheld, conditioned or delayed) to any outside counsel hired by JEA and (ii) JEA shall use its good faith efforts to cause any such outside counsel to provide FPL with periodic updates on its costs, fees and expenses), (ii) providing information regarding the transactions contemplated by this Agreement that has otherwise been provided or made available to FPL, including information that may be confidential, provided that appropriate notices, requests or other filings necessary and appropriate to protect and preserve the confidentiality, and protection from disclosure, of such information are made with the FPSC and (iii) such other actions that will not unduly burden JEA, provided, that JEA shall not be required to provide any such information where the provision of access or furnishing of such information would (A) violate any Law, Order, material contract, Permit or Governmental or Regulatory Approval applicable to JEA, or any of its assets and properties; (B) result in the waiver of any attorney/client, work product, or similar privilege or (C) disclose any confidential information concerning the activities of JEA unrelated to SJRPP.

(b) FERC. As soon as practicable, and in any event no more than thirty (30) days after the Effective Date, JEA and FPL shall file or cause to be filed any application required to be filed with FERC pursuant to Section 203 of the FPA, and thereafter shall use commercially reasonable efforts to comply with the requirements of FERC in order to obtain any Governmental or Regulatory Approval related thereto. Without limiting the foregoing and to the extent legally permitted, FPL and JEA shall use commercially reasonable efforts to consult and cooperate with each other as to the contents of such application, the applicants thereto and the appropriate time of filing such application and shall use commercially reasonable efforts to respond promptly to any requests for additional information made by FERC.

(c) In furtherance of the foregoing:

(i) To the extent legally permitted, the Parties will provide prompt notification to each other when any such approval referred to in this Article VII is obtained, taken, made, given or denied, as applicable, and will advise each other of any material communications with any Governmental or Regulatory Authority or other Person regarding any of the transactions contemplated by this Agreement;

(ii) The Parties shall use commercially reasonable efforts to promptly make any appropriate or necessary subsequent or supplemental filings and cooperate with each

other in the preparation of such filings in such manner as is reasonably necessary and appropriate. The Parties shall consult with each other and shall agree in good faith upon the timing of such filings;

(iii) Neither Party shall, and each Party shall cause its Affiliates not to, take any action intended to materially and adversely affect or materially delay the approval of any Governmental or Regulatory Authority of any of the aforementioned filings; provided, however, that neither Party shall be precluded from making routine regulatory filings with the FPSC unrelated to the transactions contemplated by this Agreement; and

(iv) Subject to applicable confidentiality restrictions or restrictions required by Law, FPL and JEA will notify the other promptly upon the receipt of (A) any material comments or questions from any officials of any Governmental or Regulatory Authority in connection with the filings made pursuant to Article VII, (B) any request by any officials of any Governmental or Regulatory Authority for material amendments or supplements to the filings made pursuant to Article VII, or (C) any Order requiring the production of any documents, relating to an investigation of the transactions contemplated by this Agreement by any Governmental or Regulatory Authority. Whenever any event occurs that is required to be set forth in an amendment or supplement to any filing made pursuant to this Article VII, each Party will promptly inform the other of such occurrence and use commercially reasonable efforts to cooperate in filing promptly with the applicable Governmental or Regulatory Authority such amendment or supplement. Without limiting the generality of the foregoing, but to the extent legally permitted, each Party shall provide to the other (or the other's respective advisors) upon request copies of all material correspondence between such Party and any Governmental or Regulatory Authority relating to the transactions contemplated by this Agreement. In addition, to the extent reasonably practicable and legally permitted, all material discussions, telephone calls and meetings with a Governmental or Regulatory Authority to the extent regarding the transactions contemplated by this Agreement shall include representatives of both Parties. Subject to applicable Law, the Parties will consult and cooperate with each other in good faith in connection with any analyses, appearances, presentations, memoranda, briefs, arguments and proposals that are to be made or submitted to any Governmental or Regulatory Authority regarding the transactions contemplated by this Agreement by or on behalf of any Party or made or submitted in response to material comments, questions or requests for supplements or amendments received from any officials of any Governmental or Regulatory Authority.

(d) Each of the Parties expressly acknowledges, agrees and reaffirms its respective commitments and undertakings pursuant to Sections 5.02 and 6.02 to use commercially reasonable efforts to obtain any Governmental or Regulatory Approval and agrees that this Article VII is in furtherance, and not in any way in limitation, of its obligations pursuant to Sections 5.02 and 6.02, as applicable.

Article VIII

CONDITIONS TO OBLIGATIONS OF FPL

8.01 Shutdown Obligations. The obligation of FPL to consummate the transactions described in Section 2.02 is subject to the fulfillment, at or before the Shutdown, of each of the

following conditions (all or any of which may be waived in whole or in part by FPL in its sole discretion):

(a) Representations and Warranties. The representations and warranties of JEA contained in this Agreement shall be true and correct in all material respects (without regard to any materiality qualifications therein) as of the Shutdown as though such representations and warranties were made on and as of the Shutdown (or, to the extent such representations and warranties expressly relate to an earlier date and time, on and as of such earlier date and time);

(b) Performance. JEA shall have performed and complied in all material respects with the agreements, covenants and obligations required by this Agreement to be so performed or complied with by JEA at or before the Shutdown;

(c) Orders and Laws. There shall not be in effect on the Shutdown Date any Order or Law enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement;

(d) Shutdown Certificate. JEA shall have delivered or caused to be delivered to FPL a certificate of JEA signed by an executive officer of JEA, in a form reasonably satisfactory to FPL, dated as of the Shutdown Date, stating that the conditions specified in Sections 8.01(a) and 8.01(b) have been satisfied;

(e) Shutdown Contracts. Each of the parties to the Dismantlement Contract and the Remediation Contract (other than FPL) shall have delivered or caused to be delivered their signature pages thereto; and

(f) Other Deliverables. JEA shall have delivered or caused to be delivered its signature page to each of the Shutdown Assignment & Assumption Agreement, the Debt Service Assignment & Assumption Agreement and the Transmission Service Agreement Termination.

8.02 Closing Obligations. The obligation of FPL to consummate the transactions described in Section 2.04 is subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by FPL in its sole discretion):

(a) Orders and Laws. There shall not be in effect on the Closing Date any Order or Law enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement;

(b) SJRPP Contract Assignment. Each of the SJRPP Contracts shall have been terminated or JEA shall have provided to FPL a written release from all future obligations (including financial contributions) related to any surviving SJRPP Contracts in accordance with Section 5.04; and

(c) Other Deliverables. JEA shall have delivered or caused to be delivered its signature page to each of the Closing Assignment & Assumption Agreement, the Bill of Sale, the Deed and the JOA Termination.

Article IX

CONDITIONS TO OBLIGATIONS OF JEA

9.01 Shutdown Obligations. The obligation of JEA to consummate the transactions described in Section 2.02 is subject to the fulfillment, at or before the Shutdown, of each of the following conditions (all or any of which may be waived in whole or in part by JEA in writing in its sole discretion):

(a) Representations and Warranties. The representations and warranties of FPL contained in this Agreement shall be true and correct as of the Shutdown as though such representations and warranties were made on and as of the Shutdown (or, to the extent such representations and warranties expressly relate to an earlier date and time, on and as of such earlier date and time), except where the failure of such representations and warranties to be true and correct (in each case disregarding all qualifications and exceptions contained therein relating to materiality) would not or would not reasonably be expected to prevent or materially impair FPL from performing its obligations hereunder;

(b) Performance. FPL shall have performed and complied in all material respects with the agreements, covenants and obligations required by this Agreement to be performed or complied with by FPL at or before the Shutdown;

(c) Orders and Laws. There shall not be in effect on the Shutdown Date any Order or Law enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement;

(d) Shutdown Certificate. FPL shall have delivered or caused to be delivered to JEA a certificate of FPL signed by an executive officer of FPL, in a form reasonably satisfactory to JEA, dated as of the Shutdown Date, stating that the conditions specified in Sections 9.01(a) and 9.01(b) have been satisfied;

(e) Shutdown Contracts. Each of the parties to the Dismantlement Contract and the Remediation Contract (other than JEA) shall have delivered or caused to be delivered their signature pages thereto; and

(f) Other Deliverables. FPL shall have delivered or caused to be delivered its signature page to each of the Shutdown Assignment & Assumption Agreement, the Debt Service Assignment & Assumption Agreement and the Transmission Service Agreement Termination.

9.02 Closing Obligations. The obligation of JEA to consummate the transactions described in Section 2.04 is subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by JEA in its sole discretion):

(a) Orders and Laws. There shall not be in effect on the Closing Date any Order or Law enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement;

(b) Surviving Permits. Each of the surviving Permits currently in the name of SJRPP shall have been transferred or assigned to JEA, as applicable;

(c) Other Deliverables. FPL shall have delivered or caused to be delivered its signature page to each of the Closing Assignment & Assumption Agreement, the Bill of Sale, the Deed and the JOA Termination; and

(d) Release of Liens. All Liens on or with respect to SJRPP, the SJRPP Site or any assets of SJRPP caused by or as a result of FPL, including any Liens created by the Mortgage and Deed of Trust with Deutsche Bank Trust Company Americas, shall have been released, except for such Liens that are Permitted Liens.

Article X TAX MATTERS

10.01 Indemnity for Taxes.

(a) Upon and subject to the terms and conditions set forth in this Agreement, FPL shall indemnify JEA against and hold them harmless from and against any and all Losses in respect of Taxes of FPL or its Affiliates for any period or otherwise imposed on or with respect to FPL's twenty percent (20%) interest in SJRPP, including all Property Taxes imposed on or otherwise relating to FPL's interest in SJRPP and the SJRPP Site up through and including the year in which the transaction is closed.

(b) For any claim for indemnification under this Agreement in respect of Taxes arising out of or involving a claim or demand made by any Person, including a Governmental or Regulatory Authority, against FPL (a "Tax Third-Party Claim"), JEA must notify FPL in writing of the Tax Third-Party Claim as promptly as possible but in no event later than ten (10) days (or sooner, if a response is required prior to such date) after receipt by JEA of written notice of the Tax Third-Party Claim; provided, however, that failure to give such notification shall not affect the indemnification except to the extent FPL shall have been prejudiced as a result of such failure (except that the FPL shall not be liable for any expenses incurred during the period in which JEA failed to give such notice). Thereafter, JEA shall deliver to FPL, as promptly as possible but in no event later than ten (10) days (or sooner, if a response is required prior to such date) after JEA's receipt thereof, copies of all notices and documents (including court papers) received relating to the Tax Third-Party Claim.

(c) If a Tax Third-Party Claim is made, FPL shall be entitled to participate in the defense thereof and to assume the defense thereof with its counsel or other Tax advisors and to settle, compromise or discharge such Tax Third-Party Claim; provided, however, that the FPL's rights under this Section 10.01(c) shall apply only to the extent that the Tax Third-Party Claim addresses Taxes for which FPL would be responsible under this Agreement. If FPL assumes such defense, FPL shall not be liable to JEA for legal or other expenses subsequently incurred by JEA in connection with the defense thereof.

(d) If FPL assumes such defense, JEA shall have the right to participate in the defense thereof and to employ counsel or other Tax advisors, at its own expense separate from the counsel or other Tax advisors employed by FPL. Whether or not FPL chooses to defend or

prosecute any Tax Third-Party Claim, FPL and JEA shall reasonably cooperate in the defense or prosecution thereof. Such cooperation shall include the provision to FPL of records and information which are reasonably relevant to such Tax Third-Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

10.02 Time Limits. Any claim for indemnity under this Article X may be made at any time prior to thirty (30) days after the expiration of the applicable Tax statute of limitations with respect to the relevant taxable period (including all periods of extension, whether automatic or permissive). FPL shall pay JEA the amount shown as due and payable in the Tax Third-Party Claim, to the extent FPL is responsible for such amount under this Agreement, within ten (10) days of receipt by FPL of written notice of the Tax Third-Party Claim; provided, however, if the Tax Third-Party Claim is disputed in accordance with Section 10.01, FPL shall pay JEA the amount finally determined to be due and payable by a Governmental or Regulatory Authority within ten (10) days of receipt of the issuance of such final determination.

10.03 Control. In the event of a conflict between the provisions of this Article X, on the one hand, and the provisions of Article XII, on the other, the provisions of this Article X shall control, provided, that for the avoidance of doubt, Section 12.04 shall apply to the indemnification provisions contained in this Article X.

10.04 Transfer Taxes, Recording Fees and Expenses.

(a) Transfer Taxes incurred in connection with this Agreement and the transactions contemplated hereby, if any, shall be shared equally by the Parties.

(b) Recording fees and the cost of any title insurance policy endorsements required by JEA incurred in connection with this Agreement and the transactions contemplated hereby, if any, shall be paid by JEA.

(c) The cost of title insurance (absent endorsements required by JEA discussed above) and the cost to secure a partial release of the SJRPP Site from the encumbrance of FPL's Mortgage and Deed of Trust with Deutsche Bank Trust Company Americas incurred in connection with this Agreement and the transactions contemplated hereby, if any, shall be paid by FPL. Further, FPL shall be responsible for all Property Taxes imposed on or otherwise relating to its ownership share of SJRPP and the SJRPP Site up through and including the year in which the transaction is closed and FPL shall pay its share of all assessments and Liens, if any, for public improvements at or prior to the Closing.

Article XI
ENVIRONMENTAL MATTERS

11.01 Environmental Indemnification.

(a) From and after the Closing Date, JEA shall indemnify, defend and hold harmless FPL and its Affiliates from and against any and all Environmental Claims associated with or arising from claims relating to Contamination on the SJRPP Site or any claims arising in connection or related to the presence, suspected presence, or threat of Contamination from the

SJRPP Site migrating to neighboring land(s), where the source of the Contamination is determined by the Parties, a regulatory authority with jurisdiction over such matters or a court of competent jurisdiction, to have originated on or after the Closing Date.

(b) From and after the Closing Date, JEA shall indemnify, defend and hold harmless FPL and its Affiliates from and against any and all past, current and future Environmental Claims associated with or arising from Contamination of the Retained Assets on the SJRPP Site.

(c) If FPL is seeking indemnification provided for under this Article XI, FPL must notify JEA in writing as promptly as possible but in no event later than ten (10) days (or sooner, if a response is required prior to such date) after receipt by FPL of an Environmental Claim; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent JEA shall have been prejudiced as a result of such failure (except that the JEA shall not be liable for any expenses incurred during the period in which the FPL failed to give such notice). Thereafter, FPL shall deliver to JEA, as promptly as possible but in no event later than ten (10) days (or sooner, if a response is required prior to such date) after the FPL's receipt thereof, copies of all notices and documents (including court papers) received by FPL relating to JEA.

(d) If an Environmental Claim is made against FPL, JEA shall be entitled to participate in the defense thereof and to assume the defense thereof with counsel or other advisors selected by the JEA and to settle, compromise or discharge such Environmental Claim. If JEA assumes such defense, JEA shall not be liable to FPL for legal or other expenses subsequently incurred by FPL in connection with the defense thereof.

(e) If JEA assumes such defense, FPL shall have the right to participate in the defense thereof and to employ counsel or other advisors, at its own expense separate from the counsel or other advisors employed by JEA. Whether or not JEA chooses to defend or prosecute any Environmental Claim, the Parties hereto shall reasonably cooperate in the defense or prosecution thereof. Such cooperation shall include, but not be limited to, making employees available on a mutually convenient basis to provide additional information and explanation of any information reasonably required.

Article XII

INDEMNIFICATION; ASSUMPTION OF LIABILITIES; LITIGATION

12.01 Survival. The representations and warranties and pre-Closing (a) covenants and agreements of FPL and JEA contained in this Agreement will survive the Closing until the twelve (12) month anniversary of the Closing Date; provided, however, that the representations and warranties (i) in Sections 3.01, 3.02, 3.06, 3.08, 4.01, 4.02, 4.05, 4.06, 4.08 and 4.12 shall survive indefinitely and (ii) in Section 3.09 and Section 4.08 shall survive for thirty (30) days after the expiration of the applicable Tax statute of limitations with respect to the relevant taxable period (including all periods of extension, whether automatic or permissive), as applicable and (b) all other covenants and agreements to be performed following Closing will survive in accordance with their terms, except that any representation, warranty, covenant or

agreement that would otherwise terminate in accordance with this Section 12.01 will continue to survive if the requisite claim notice shall have been properly and timely given in good faith based on facts reasonably expected to establish a valid claim under this Article XII on or prior to such termination date, until the related claim for indemnification shall have been satisfied or otherwise resolved as provided in this Article XII.

12.02 Assumption of Liabilities. Following the Shutdown Date, JEA shall assume all payment obligations and other liabilities related to (i) Separation Benefits for any qualifying SJRPP Employees, and (ii) any amounts due to be deposited into the SJRPP Pension Fund.

12.03 Indemnification.

(a) Subject to Section 12.01 from and after the Closing:

(i) JEA shall indemnify, defend and hold harmless FPL and its respective Affiliates and Representatives (collectively, the "FPL Indemnified Parties") from and against all Losses actually incurred or suffered by the FPL Indemnified Parties to the extent resulting from any breach of any (A) representation or warranty of JEA contained in Article III of this Agreement, (B) covenant or agreement of JEA contained in this Agreement or (C) claims related to Separation Benefits, and amounts due to be deposited into the SJRPP Pension Fund.

(ii) FPL shall indemnify, defend and hold harmless JEA and its Affiliates and Representatives (collectively, the "JEA Indemnified Parties") from and against all Losses actually incurred or suffered by the JEA Indemnified Parties arising out of, relating to or resulting from any breach of any (A) representation or warranty of FPL contained in Article IV of this Agreement or (B) covenant or agreement of FPL contained in this Agreement.

(iii) Any indemnification obligations actually determined to be owed and to be satisfied by either Party (the "Indemnifying Party") to the other (the "Indemnified Party") hereunder shall be promptly paid by wire transfer of immediately available funds to the account, or accounts, designated by the Party to which such payment is due at least one (1) day prior to such payment. The Indemnifying Party shall pay the Indemnified Party the amount due and payable, to the extent the Indemnifying Party is responsible for such amount under this Agreement, within ten (10) days of the final resolution of the applicable claim of Losses (each, a "Claim") by the Indemnified Party or by a third-party (a "Third-Party"; a Claim brought by a Third-Party, a "Third-Party Claim").

12.04 Exclusive Remedy.

(a) FPL and JEA acknowledge and agree that from and after the Closing, except in the case of fraud or as set forth in Section 13.04, the indemnification provisions in this Article XII, Article XI and Article X shall be the sole and exclusive remedy of FPL and JEA with respect to any breach of this Agreement or the transactions contemplated hereby.

(b) If any fact, circumstance or condition forming a basis for a claim for indemnification under this Article XII, Article XI or Article X shall overlap with any fact, circumstance, condition, agreement or event forming the basis of any other claim for

indemnification under this Article XII, Article XI or Article X, there shall be no duplication in the calculation of the amount of the Losses.

(c) No Party from which indemnification is being sought shall have any liability or obligation of indemnification under this Agreement for any Losses that a court of competent jurisdiction or arbitrator shall have determined by final judgment to have resulted from the fraud, gross negligence or willful misconduct of the Party seeking indemnification, or its respective Affiliates and Representatives.

12.05 Procedure With Respect to Claims.

(a) Notwithstanding Section 12.05(b) to the contrary, no Claim may be asserted pursuant to this Article XII or Article XI unless written notice of such Claim is promptly delivered in accordance with Section 12.05(a) by the Indemnified Party prior to the date on which the representation, warranty, covenant or agreement on which such Claim is based ceases to survive as set forth in this Article XII.

(b) If any FPL Indemnified Party or JEA Indemnified Party becomes subject to a pending or threatened Claim and such Person (the "Claiming Party") in good faith believes it has a claim for indemnification with respect thereto against FPL or JEA, as applicable (the "Responding Party"), then the Claiming Party shall deliver to the Responding Party promptly, and in no event later than ten (10) Business Days after it first learns of such Claim, written notice thereof. Such notice by the Claiming Party shall specify the basis for indemnification, describe the Claim in reasonable detail, include copies of all material written evidence and documentation thereof and indicate the amount sought in the Claim. Subject to Section 12.05(a), with respect to any Third-Party Claims, the failure or delay of the Claiming Party to so notify the Responding Party shall not relieve the Responding Party of liability hereunder except to the extent that the defense of such Third-Party Claim is prejudiced by the failure or delay in giving such notice.

(c) A Responding Party may elect at any time to assume and thereafter conduct the defense of any Third-Party Claim with counsel of the Indemnifying Party's choice and to settle or compromise any such Third-Party Claim, and each Indemnified Party shall cooperate in all respects with the conduct of such defense by the Indemnifying Party (including the making of any related claims, counterclaim or cross complaint against any Person in connection with the Third-Party Claim) and/or the settlement of such Third-Party Claim by the Indemnifying Party. If the Responding Party notifies the Claiming Party that it desires to defend a Third-Party Claim in accordance with the previous sentence, then the Responding Party shall have control of such defense and proceedings; provided, however, that (i) the Responding Party shall not enter into any settlement that provides for any relief other than the payment of monetary damages as to which the Claiming Party shall be indemnified in full, subject to the limitations set forth in this Article XII, without the prior written consent of the Claiming Party (which consent shall not be unreasonably withheld, conditioned or delayed) and (ii) if requested by the Responding Party, the Claiming Party shall cooperate with the Responding Party and its counsel in contesting any Third-Party Claim that the Responding Party elects to contest, or, if appropriate and related to the Third-Party Claim in question, in making any counterclaim against the Person asserting the Third-Party Claim, or any cross-complaint against any Person (other than the Claiming Party or any of its Affiliates). The Claiming Party may elect to participate in such

proceedings, negotiations or defense at any time at its own expense (provided, however, that the reasonable attorneys' fees of the Claiming Party shall, subject to the limitations set forth in this Article XII, constitute Losses hereunder if the Claiming Party's counsel shall have advised the Claiming Party in writing, with a copy delivered to the Responding Party, that there is a conflict of interest that would make it inappropriate under applicable standards of professional conduct for the Responding Party and the Claiming Party to have common counsel).

(d) If the Responding Party elects not to defend such Third-Party Claim or notifies the Claiming Party that it elects to defend but subsequently fails to defend or fails to notify the Claiming Party of its election to defend such Third-Party Claim, the Claiming Party may, subject to Section 12.05(c), undertake the defense, compromise or settlement of such Third-Party Claim and seek indemnification for any and all Losses, subject to the limitations set forth in this Article XII, based upon, arising from or relating to such Third-Party Claim; provided, that if the Claiming Party has assumed the defense pursuant to this Section 12.05(d), it shall not agree to any settlement without the written consent of the Responding Party (which consent shall not be unreasonably withheld, conditioned or delayed). The Responding Party may elect to participate in such proceedings, negotiations or defense at any time at its own expense with counsel selected by it.

(e) Notwithstanding anything to the contrary, the procedures and provisions set forth in this Section 12.05 shall not apply to any matter covered by Article X (which matters shall instead be governed by the procedures and provisions set forth in Article X) but shall apply to any matter covered by Article XI.

12.06 Mitigation of Damages. An Indemnified Party shall use its reasonable best efforts to mitigate any Losses for which it is entitled to indemnification pursuant to this Article XII, Article XI or Article X. The Indemnifying Party shall have the right, but not the obligation, and shall be afforded the opportunity by the Indemnified Party to the extent reasonably possible, to take all available steps to minimize Losses for which the Indemnified Party is entitled to indemnification before such Losses actually are incurred by the Indemnified Party.

12.07 Additional Litigation Matters.

(a) The Parties hereby agree and acknowledge that:

(i) as of the date hereof there are ongoing or threatened Actions or Proceedings involving their ownership and operation of SJRPP, each such matter is listed on Schedule 12.07 (collectively such matters the "Existing Litigations");

(ii) they will each continue to participate jointly in their defense in respect of the Existing Litigations;

(iii) they will each pay their own legal fees and other costs associated with such defense, and

(iv) they will each contribute towards any judgment, award, or settlement to be paid to a plaintiff or complainant, if any, in each of the Existing Litigations in accordance with the existing agreements between the Parties, including the JOA.

(b) The Parties hereby agree and acknowledge that if after the date of this Agreement, any Actions or Proceedings are instituted or threatened against the Parties arising from their ownership and operation of SJRPP the Parties will each;

(i) participate jointly in their defense in respect of such Action or Proceedings,

(ii) pay their own legal fees and other costs associated with such defense, and

(iii) contribute towards any judgment, award, or settlement to be paid to a plaintiff or complainant, if any, in each such Action or Proceedings in accordance with the existing agreements between the Parties, including the JOA (which the Parties agree will survive the Closing Date solely for the purposes of this Section 12.07).

(c) For the avoidance of doubt, the Parties acknowledge and agree that each of FPL and JEA shall be responsible for 50% of all Losses incurred by the Parties or SJRPP in connection with the lease of the CitiRail cars leased to SJRPP, any breach of such lease and any repairs to be made to such CitiRail cars, regardless of when paid.

12.08 No Other Representations or Warranties. Except for the representations and warranties expressly set forth in Article III and Article IV of this Agreement (as qualified by the JEA Disclosure Schedules and the FPL Disclosure Schedules attached hereto), each of JEA and FPL acknowledges that (i) neither the other Party nor any of its Affiliates nor any other Person makes any representation or warranty, express or implied, at law or in equity, with respect to the matters set forth herein or with respect to any other information provided, or made available to, JEA, FPL or their respective Affiliates, officers, directors, employees, accountants, consultants, legal counsel, investment bankers, advisors, Representatives or authorized agents, including the accuracy or completeness thereof, in connection herewith and (ii) there is and has been no reliance by JEA or FPL or any of their respective Affiliates, officers, directors, employees, accountants, consultants, legal counsel, investment bankers, advisors, Representatives or authorized agents on any such representation or warranty or any such representation or warranty, express or implied, at law or in equity.

Article XIII

TERMINATION

13.01 Termination. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned, by mutual written consent of FPL and JEA, or at any time by written notice from either Party to the other Party as follows

(a) by either FPL or JEA:

(i) if the Shutdown has not occurred on or before the first (1st) anniversary of the date of this Agreement, which period may be extended for three (3) months by either Party that is not then in material breach of its covenants in this Agreement upon written notice to the other Party if necessary to obtain any of the Governmental or Regulatory Approvals

set forth in Article VII; provided, that the terminating Party shall not then be in material breach under this Agreement; or

(ii) if any court of competent jurisdiction in the United States or other Governmental or Regulatory Authority shall have issued a final Order or enacted any Law enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement and such Order or Law is or shall have become final and non-appealable; provided, however, that the Party seeking to terminate this Agreement pursuant to this Section 13.01(a)(ii) shall have used commercially reasonable efforts to prevent the entry of and to remove such Order or final action and otherwise complied in all material respects with its obligations pursuant to Sections 5.02, 6.02 and Article VII;

(b) at any time before the Shutdown, by FPL;

(i) provided, that FPL shall not then be in material breach under this Agreement, if (A) there has been a breach by JEA of any representation, warranty, covenant or agreement contained in this Agreement such that the conditions set forth in Section 8.01(a) or 8.01(b) could not be satisfied, and (B) such breach is not curable, or, if curable, is not cured within thirty (30) days after written notice of such breach is given to JEA by FPL; or

(ii) if after considering the FPSC Petition, the FPSC does not issue an order that meets the requirements for the FPSC Order as defined in Section 1.01; or

(c) at any time before the Shutdown, by JEA (provided, that JEA shall not then be in material breach under this Agreement) if (A) there has been a breach by FPL of any representation, warranty, covenant or agreement contained in this Agreement such that the conditions set forth in Section 9.01(a) or 9.01(b) could not be satisfied, and (B) such breach is not curable, or, if curable, is not cured within thirty (30) days after written notice of such breach is given to FPL by JEA; provided, however, that no cure period shall apply to FPL's obligation to pay the Estimated Shutdown Payment or effect the Closing.

13.02 Fees and Expenses. In addition to and without limiting any other rights of JEA hereunder, in the event that this Agreement is terminated by either Party pursuant to Sections 13.01(a)(i), 13.01(a)(ii), or 13.01(c) and at the time of such termination the conditions to Closing set forth in Sections 8.01(a) and 8.01(b) were satisfied (or would have been satisfied had the Shutdown then occurred), then FPL shall, no later than two (2) Business Days after the later of the date of such termination and JEA's request therefor, pay to JEA all reasonably documented fees and expenses (including attorneys' and advisors' fees) incurred by JEA or its Affiliates (and its and their respective Representatives) in connection with this Agreement (including the negotiation thereof) or the transactions contemplated hereby.

13.03 Effect of Termination. If this Agreement is validly terminated pursuant to Section 13.01, this Agreement will forthwith become null and void and there will be no liability or obligation on the part of either FPL or JEA (or any of their respective Affiliates or Representatives) in respect of this Agreement; provided, that Section 13.02, this Section 13.03, Section 13.04 and Article XIV will continue to apply following any termination hereof; provided, further, that nothing herein shall release any Party from liability for fraud, or for any

willful and intentional breach of any covenant or agreement in this Agreement by such Party prior to the termination hereof.

13.04 Remedies. Notwithstanding anything in this Agreement to the contrary, (a) JEA recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement may cause FPL to sustain irreparable harm for which it may not have an adequate remedy at Law, and therefore in the event of any such breach FPL may be entitled to the remedy of specific performance of JEA's covenants and agreements, including JEA's covenants to consummate the Closing, in addition to any other remedy to which FPL may be entitled, (b) FPL recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement may cause JEA to sustain irreparable harm for which it may not have an adequate remedy at Law, and therefore in the event of any such breach JEA may be entitled to the remedy of specific performance of any of FPL's covenants and agreements, including FPL's covenants and agreements to consummate the Closing and (c) FPL may be entitled to an injunction or injunctions to prevent breaches of this Agreement and JEA may be entitled to an injunction or injunctions to prevent breaches of this Agreement.

Article XIV

MISCELLANEOUS

14.01 Entire Agreement. This Agreement (together with the Ancillary Agreements) supersedes all prior discussions and agreements between the Parties with respect to the subject matter hereof, and contains the sole and entire agreement between the Parties hereto with respect to the subject matter hereof.

14.02 Expenses.

(a) Except as otherwise specified in this Agreement, whether or not the transactions contemplated hereby are consummated, each Party shall pay its own costs and expenses.

(b) Each Party shall pay its own costs and expenses associated with filings and proceedings with and before the FERC.

(c) FPL shall pay all costs and expenses associated with its filings with and its proceedings and appearances before the FPSC.

14.03 Confidentiality. Each Party shall hold, and shall use all commercially reasonable efforts to cause its Affiliates and Representatives to hold, in strict confidence, all documents and information concerning the other Party or any of its Affiliates furnished to it by the other Party or such other Party's Affiliates or Representatives in connection with this Agreement or the transactions contemplated hereby, provided, that nothing in this Section 14.03 shall limit the disclosure by any Party of any documents or information (a) to its Affiliates and Representatives to the extent reasonably necessary or advisable in connection with the consummation of the transactions contemplated hereby, (b) to the extent required by Law or Order, including but not limited to Florida Sunshine Laws, (c) to the extent reasonably necessary in an Action or Proceeding brought by a Party in pursuit of its rights or in the exercise of its remedies under this

Agreement or the transactions contemplated hereby, (d) to the extent that such documents or information can be shown to have come within the public domain, other than in connection with any required submission seeking any Governmental or Regulatory Approval that is filed as confidential (including any redacted information), through no action or omission of the disclosing Party or its Affiliates or Representatives, and (e) later acquired by the receiving Party from another source if the receiving Party is not aware that such source is under an obligation to keep such documents and information confidential. Notwithstanding anything contained herein, this Section 14.03 shall remain in full force and effect following the execution of this Agreement and shall survive any termination of this Agreement in accordance with its terms. Notwithstanding the foregoing, FPL acknowledges that meetings of JEA's Board of Directors are duly noticed public meetings and that JEA will provide this Agreement and the Ancillary Agreements to its Board of Directors in connection with such public setting.

14.04 Public Announcements. Except as may be required by Florida Sunshine Laws, so long as this Agreement is in effect, neither Party shall, and shall use all reasonable best efforts to cause their respective Representatives not to, issue or make any reports, statements, comments whether in response to any inquiry or otherwise, or releases to the public or generally to the employees with respect to this Agreement or the transactions contemplated hereby without the consent of the other, such consent not to be unreasonably withheld, conditioned or delayed. FPL acknowledges that JEA is subject to Florida Sunshine Laws, and as such, meetings of its Board of Directors are duly noticed public meetings, and such discussion are exempt from this clause.

14.05 No Waiver. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion.

14.06 Amendments. Any provision of this Agreement may be modified, supplemented or waived only by an instrument in writing duly executed by FPL and JEA. Any such modification, supplement or waiver shall be for such period and subject to such conditions as shall be specified in the instrument effecting the same and shall be binding upon each of FPL and JEA, and any such waiver shall be effective only in the specific instance and for the purposes for which given.

14.07 Addresses for Notices. All notices and other communications required or permitted to be given or made under this Agreement shall be given or made in writing, by physical (including by certified mail, return receipt requested or courier) or facsimile or electronic mail delivery to the address specified below or such other address as shall be designated in a notice in writing. Notices will be effective upon receipt.

If to JEA:

JEA
21 West Church Street (T-16)

Jacksonville, Florida 32202
Attn: Jody Brooks, Chief Legal Officer

and with a copy to (which shall not constitute notice):

Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Attn.: David Kurzweil, Esq.
Facsimile: (212) 906-1307
E-mail: David.Kurzweil@lw.com

If to FPL:

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
Attn: Vice President, Energy Marketing and Trading

with a copy to:

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
Attn: General Counsel

14.08 Captions. The captions and section headings appearing in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement.

14.09 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law while giving effect to the original intent of the Parties hereto. Any provision or part of any provision of this Agreement that is deemed prohibited or unenforceable by a court of competent jurisdiction shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability of any portion of a provision shall not invalidate or render unenforceable the remainder of such provision (in each case so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party). Upon such determination that any provision or part of any provision is prohibited or unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

14.10 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement or any of the rights, interests or obligations of the Parties under this Agreement are not assignable (by contract, operation of Law or otherwise) without the prior written consent of the other Party,

which such Party may withhold in its discretion, and any attempted assignment, without such consent, shall be null and void.

14.11 No Third-Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each Party hereto and their respective successors or permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

14.12 Counterparts. This Agreement may be executed in any number of counterparts, including by facsimile or other electronic transmission, each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument and all of which taken together shall constitute one and the same instrument and any of the Parties to this Agreement may execute this Agreement by signing any such counterpart.

14.13 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Florida applicable to a contract executed and performed in such State, without giving effect to any choice of law or conflict of law rules or principles thereof that would require the application of the rules of another jurisdiction.

14.14 Consent to Jurisdiction.

(a) For all purposes of this Agreement, and for all purposes of any Action or Proceeding arising out of or relating to the transactions contemplated hereby or for recognition or enforcement of any judgment, each Party hereto submits to the personal jurisdiction of the courts of the State of Florida sitting in Duval County and the United States District Court for the Middle District of the State of Florida, and hereby irrevocably and unconditionally agrees that any such Action or Proceeding may be heard and determined in such Florida court or, to the extent permitted by law, in such federal court. Each Party hereto agrees that a final judgment in any such Action or Proceeding may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by Law.

(b) Each Party hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so:

(i) any objection which it may now or hereafter have to the laying of venue of any Action or Proceeding arising out of or relating to this Agreement or any related matter in any Florida state court located in Duval County or the United States District Court for the Middle District of the State of Florida; and

(ii) the defense of an inconvenient forum to the maintenance of such Action or Proceeding in any such court.

(c) Each Party hereto irrevocably consents to service of process by registered mail, return receipt requested, as provided in Section 14.07. Nothing in this Agreement will affect the right of any Party hereto to serve process in any other manner permitted by Law.

14.15 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY HEREBY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR INTERPRET THE PROVISIONS OF THIS AGREEMENT OR THAT OTHERWISE RELATES TO OR ARISES OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE).

14.16 Exhibits and Disclosure Schedules. All Exhibits, Schedules, the JEA Disclosure Schedules and the FPL Disclosure Schedules attached hereto are hereby incorporated herein by reference and made a part hereof.

14.17 Further Assurances. Following the Closing, the Parties shall, for no additional consideration, execute and deliver such further instruments of conveyance and transfer and take such additional action as the other Party may reasonably request to effect, consummate, confirm or evidence the transactions contemplated by this Agreement, including the transfer to JEA of all instruments, deeds of title, assignments and other documents and records which may be necessary or appropriate for (i) conveying to JEA good and legal title to SJRPP, the Retained Assets and the SJRPP Site free and clear of all Liens except Permitted Liens and (ii) JEA's conduct of SJRPP and the SJRPP Site after the date of this Agreement (including with respect to obtaining all consents necessary or desirable in connection therewith).

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party hereto as of the date first above written.

JEA

By:



Name: Paul McElroy

Title: Chief Executive Officer

FORM APPROVED

By:



Office of General Counsel

FLORIDA POWER & LIGHT COMPANY

By:



Name: Sam Forrest

Title: Vice President



Schedule 1.01(a)
Permitted Liens

TO BE AGREED FOLLOWING RECEIPT OF TITLE COMMITMENT

Schedule 1.01(b)
Retained Assets

Switchyard with Relay House and Security Fencing

Asset Location

ST. JOHNS RIVER PARK SWITCHYARD (JEA) - 1991283870

Retirement Unit

120.117 : BREAKER, 240KV
126.375 : STRUCTURE, MAIN TRANSFOR
126.375 : STRUCTURE, MAIN TRANSFOR
128.411 : FOUNDATION, AF-STRUCTURE
133.605 : SWITCH DISCONNECT 230KV
119.065 : TRANSFORMER, ENCLOSURE
124.428 : BUS SYSTEM ALUMINUM
112.200 : RELAY VAULT (BUILDING)
140.892 : TRANSFORMER, CURRENT FRE
133.605 : SWITCH DISCONNECT 230KV
120.117 : BREAKER, 240KV
133.605 : SWITCH DISCONNECT 230KV
128.400 : FOUNDATION, TRANSFORMER
134.617 : SWITCH FAULT INTERRUPT/C
128.400 : FOUNDATION, TRANSFORMER
120.117 : BREAKER, 240KV
120.117 : BREAKER, 240KV
136.645 : LIGHTNING ARRESTOR 139-2
105.120 : FILL & GRADE-SUBSTATION
083.820 : COUPLING CAPACITOR VOLTA
124.542 : BUS SYSTEM ACSR
114.789 : CONDUIT SYSTEM
120.117 : BREAKER, 240KV
120.117 : BREAKER, 240KV
120.117 : BREAKER, 240KV
133.605 : SWITCH DISCONNECT 230KV
140.892 : TRANSFORMER, CURRENT FRE
128.415 : FOUNDATION, PIPE COLUMN
102.150 : SITE DRAINAGE SYSTEM
084.874 : FAULT LOCATOR
119.890 : FIRE FOG PROTECTION SYST
139.689 : TRANSFORMER, POTENTIAL 2
114.796 : CABLE TRENCH
119.890 : FIRE FOG PROTECTION SYST
083.820 : COUPLING CAPACITOR VOLTA
139.689 : TRANSFORMER, POTENTIAL 2
127.482 : STRUCTURE, AF-230KV
110.775 : BATTERY CHARGER

114.790 : CABLE TRAY
128.410 : FOUNDATION, DISCONNECT S
107.410 : FENCE
120.117 : BREAKER, 240KV
141.738 : PANEL, LINE RELAY
000.000 : Non-Unitized
129.527 : YARDLIGHT SYSTEM-TRAN/SU
113.665 : GROUND SYSTEM
119.067 : TRANSFORMER, EQUIPMENT O
127.397 : STRUCTURE, PIPE COLUMN O
119.067 : TRANSFORMER, EQUIPMENT O
110.779 : BATTERY SET WITH RACK
141.720 : PANEL, ALTERNATING CURRE
112.230 : AIR CONDITIONING DUCT WO
110.779 : BATTERY SET WITH RACK
011.110 : CLEARING
139.689 : TRANSFORMER, POTENTIAL 2
138.671 : METER VOLTAGE
112.231 : AIR CONDITION COMPRESSOR
127.472 : STRUCTURE, DISCONNECT SW
128.404 : FOUNDATION, BREAKER 230-
011.100 : SITE PREPARATION-TRAN/SU
110.775 : BATTERY CHARGER
105.140 : ROCK SURFACE
127.813 : STRUCTURE, E-COUPLING CA
128.392 : FOUNDATION, LIGHTNING AR
083.820 : COUPLING CAPACITOR VOLTA
112.201 : ROOF (BUILDING)
141.738 : PANEL, LINE RELAY
131.662 : INSULATORS
141.744 : PANEL, LOCAL BACKUP
460.199 : COMMUNICATION EQUIPMENT
127.517 : STRUCTURE, LPT-LINE POTE
128.412 : FOUNDATION, E-STRUCTURE
118.901 : TRANSFORMER, STATION SER
083.820 : COUPLING CAPACITOR VOLTA
124.428 : BUS SYSTEM ALUMINUM
107.005 : FENCE-EQUIPMENT
131.662 : INSULATORS
107.005 : FENCE-EQUIPMENT
141.742 : PANEL, TRANSFER TRIP
141.740 : PANEL, DIFFERENTIAL RELA
141.725 : PANEL, SUPERVISORY EQUIP
141.723 : PANEL, DIRECT CURRENT LO
137.701 : CABINET, JUNCTION BOX
141.750 : PANEL, SYNCHRONIZING

141.634 : RELAY FRAME RACK
124.662 : INSULATOR (inactive)
124.662 : INSULATOR (inactive)
124.662 : INSULATOR (FOR SUB BUS
008.795 : CONT CABLE SYSTEM - MINO
000.000 : FPL Conversion 000
000.000 : FPL Conversion 000
000.000 : FPL Conversion 000
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084.874 : FAULT LOCATOR
120.117 : BREAKER, 240KV
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120.117 : BREAKER, 240KV
120.117 : BREAKER, 240KV
120.125 : BREAKER, 240KV GAS INSTA
120.126 : BREAKER, 69-240KV OIL IN
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120.126 : BREAKER, 69-240KV OIL IN
000.000 : FPL Conversion 000
000.000 : FPL Conversion 000
000.000 : FPL Conversion 000
110.779 : BATTERY SET WITH RACK
112.201 : ROOF (BUILDING)
083.820 : COUPLING CAPACITOR VOLTA

117.009 : TRANSFORMER, PLANT MAIN
117.009 : TRANSFORMER, PLANT MAIN
117.009 : TRANSFORMER, PLANT MAIN
117.009 : TRANSFORMER, PLANT MAIN
117.013 : TRANSFORMER, AUTO 1-20 M
117.013 : TRANSFORMER, AUTO 1-20 M
117.013 : TRANSFORMER, AUTO 1-20 M
117.013 : TRANSFORMER, AUTO 1-20 M
117.108 : TRANSFORMER, AUTO 1-120
117.108 : TRANSFORMER, AUTO 1-120
117.108 : TRANSFORMER, AUTO 1-120
117.108 : TRANSFORMER, AUTO 1-120
117.115 : TRANSFORMER, PLANT MAIN
117.115 : TRANSFORMER, PLANT MAIN
117.115 : TRANSFORMER, PLANT MAIN
117.115 : TRANSFORMER, PLANT MAIN
141.768 : PANEL, REMOTE COMM. PROC
460.199 : COMMUNICATION EQUIPMENT
460.199 : COMMUNICATION EQUIPMENT

Railroad Tracks

Asset Location

ST JOHNS RIVER POWER PARK (JEA) COMMON - 5991250026

Retirement Unit

209.1169 : TRACK SYSTEM
209.1169 : TRACK SYSTEM
209.1169 : TRACK SYSTEM
209.1169 : TRACK SYSTEM
209.1169 : TRACK SYSTEM
209.1173 : SIGNAL/CONTROL SYSTEM CO
209.1173 : SIGNAL/CONTROL SYSTEM CO
209.1173 : SIGNAL/CONTROL SYSTEM CO
209.1173 : SIGNAL/CONTROL SYSTEM CO

Deep Wells

Asset Location

ST JOHNS RIVER POWER PARK (JEA) COMMON - 5991250026

Retirement Unit

501.6030 : RAW WATER WELL
501.6024 : PIPING
501.6030 : RAW WATER WELL
501.6020 : CONTROL/INSTRUMENTATION
501.6025 : PUMP COMPLETE
501.6025 : PUMP COMPLETE
501.6024 : PIPING

501.6024 : PIPING
501.6021 : DRIVE, ELECTRIC MOTOR, C
501.6022 : FOUNDATION
501.6021 : DRIVE, ELECTRIC MOTOR, C
501.6030 : RAW WATER WELL
501.6022 : FOUNDATION
501.6029 : CATHODIC PROTECTION EQUI
501.6026 : TANK
501.6030 : RAW WATER WELL
501.6030 : RAW WATER WELL
501.6025 : PUMP COMPLETE
501.6021 : DRIVE, ELECTRIC MOTOR, C
501.6028 : VALVE, POWER OPERATED 8
501.6021 : DRIVE, ELECTRIC MOTOR, C
501.6020 : CONTROL/INSTRUMENTATION
501.6028 : VALVE, POWER OPERATED 8
501.6029 : CATHODIC PROTECTION EQUI

First Coast Radio Tower and Equipment

Tower Foundation

Radio Tower

Antenna equipment

Radio Equipment

All Cabling and Fiber

Schedule 1.01(c)
SJRPP Contracts

Ash Contract

Boral Material Technologies, LLC

JEA Contract 141928

Date: February 23, 2015

Period: Five Years

No Obligation for JEA to supply product

Gypsum Contract

United Gypsum Company

Date: June 10th 1998

Five Amendments

Fifth Amendment September 30, 2106

No Obligation for JEA to supply product

Rail Car Lease

JAIX Leasing Company

CitiRail

Lease End Dates

April 30, 2017 (120 Cars)

May 3, 2017 (120 Cars)

May 21, 2017 (110 Cars)

Renewing for six months to resolve repair and return issues

Schedule 3.03

No Conflict (JEA)

None.

Schedule 3.04
Governmental or Regulatory Approvals; Filings (JEA)

1. FERC § 203
2. FPSC Order
3. Board approval of JEA

Schedule 4.03

No Conflict (FPL)

None.

Schedule 4.04
Governmental or Regulatory Approvals; Filings (FPL)

1. Governmental or Regulatory filings required under Section 7.01 of the Agreement.

Schedule 12.07
Existing Litigations

CASE NO: 16-2014-CA-003199
DIVISION CV-H
IN THE CIRCUIT COURT, FOURTH JUDICIAL CIRCUIT
IN AND FOR DUVAL COUNTY, FLORIDA, CIVIL DIVISION

WESTSIDE ELECTRIC, A Florida corporation,
ROBIN R. THIGPEN, an individual
TIMOTHY C. BEASLEY, an individual
TB LANDMARK CONSTRUCTION, a Florida corporation

Plaintiffs,

Vs.
JACKSONVILLE ELECTRICA AUTHORITY and
FLORIDA POWER & LIGHT COMPANY

Defendants

Arbitrations

CSX
Railroad Transportation Contract
CSXT #85329

Notice of Intent to Take Action

Trebol Florida, LLC (Trebol)
Dated: August 31, 2016
McNAIR LAW FIRM, P.A.

EXHIBIT A

SERVICE MANAGEMENT AGREEMENT

by and between

JEA

and

FLORIDA POWER & LIGHT COMPANY

dated as of May 17, 2017

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SERVICE MANAGEMENT AGREEMENT

THIS SERVICE MANAGEMENT AGREEMENT (this “Agreement”) is made as of this 17th day of May, 2017 (the “Effective Date”), by and between JEA, a body politic and an independent agency of the City of Jacksonville, Florida, organized and existing under the laws of the State of Florida (“JEA” or, in its capacity as services manager hereunder, “Manager”), and Florida Power & Light Company, a corporation organized and existing under the laws of the State of Florida (“FPL”). JEA and FPL individually are referred to in this Agreement as a “Co-Owner” and collectively are referred to in this Agreement as the “Co-Owners.”

Preliminary Statements

WHEREAS, each of FPL and JEA is party to that certain Agreement for Joint Ownership, Construction and Operation of St. Johns River Power Park Coal Units #1 and #2, dated as of April 2, 1982, as amended through the date hereof (the “JOA”);

WHEREAS, pursuant to the JOA, the Co-Owners jointly developed and constructed the St. Johns River Power Park System comprised of two coal-fired electric generating units, each with nameplate capacity of 661 megawatts and the associated facilities required for the operation of the generating units and the transmission of electric energy from Units #1 and #2 (collectively, “SJRPP”);

WHEREAS, pursuant to the JOA, FPL owns an undivided twenty percent (20%) interest in SJRPP and the SJRPP Site;

WHEREAS, pursuant to the JOA, JEA owns an undivided eighty percent (80%) interest in SJRPP and the SJRPP Site (as defined herein);

WHEREAS, on the date hereof, the Co-Owners have executed that certain Asset Transfer and Contract Termination Agreement (the “ATA”), to govern the Co-Owners’ rights and obligations, *inter alia*, regarding the cessation of operations of SJRPP as a generating facility, the Dismantlement of SJRPP, and the Remediation of the SJRPP Site (collectively, “Decommissioning”), and the “Effective Date” under the ATA will occur simultaneously with the Effective Date of this Agreement; and

WHEREAS, each of the Co-Owners desires to enter into this Agreement to designate JEA as agent for FPL and acting on its own behalf for the project management, administrative and other services specified herein, to be provided by JEA throughout the Term (as defined below).

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Co-Owners, intending to be legally bound, agree as follows:

ARTICLE I

DEFINITIONS AND USAGE

Section 1.01 Definitions. Capitalized terms used in this Agreement shall have the meanings set forth below and, if not defined below, shall have the correlative meanings set forth in the JOA:

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, directly or indirectly controlled by or under direct or indirect common control with such Person. As used in this definition, the term “control,” “controlling” or “controlled by” shall mean the possession, directly or indirectly, of the power either to (a) vote more than fifty percent (50%) of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of such Person or (b) direct or cause the direction of the actions, management or policies of such Person, whether through the ownership of voting securities or interests (including interests as a general partner), by contract or otherwise, excluding in each case, any lender of such Person or any Affiliate of such lender.

“Agreement” is defined in the preamble hereto.

“Applicable Laws” means all laws (including common law), constitutions, statutes, rules, regulations, ordinances, judgments, orders, decrees, injunctions, settlements and writs of any Governmental or Regulatory Authority having jurisdiction over Manager, the Co-Owners, SJRPP, or the SJRPP Site as applicable.

“ATA” is defined in the recitals hereto.

“Contractors” means, collectively, the Dismantlement Contractor and the Remediation Contractor.

“Co-Owners” is defined in the preamble hereto.

“Decommissioning” is defined in the recitals hereto.

“Decommissioning Budget” means, as of any given date, the then-current budget for the Decommissioning approved by the Executive Committee in accordance with the JOA.

“Decommissioning Contracts” means, collectively, the Dismantlement Contract and the Remediation Contract.

“Decommissioning Costs” is defined in ARTICLE IV.

“Dismantlement” and its derivatives (such as “Dismantle”) means and includes any disassembly, stripping, taking apart, pulling down, transporting and removal required to fully dismantle SJRPP (other than the Retained Assets) and leave the SJRPP Site free from any portion of SJRPP or any debris or detritus related thereto.

“Dismantlement Bidder” is defined in Section 2.01(c).

“Dismantlement Contract” means that certain contract by and between JEA and the Dismantlement Contractor, pursuant to which the Dismantlement Contractor will dismantle SJRPP, except for the Retained Assets.

“Dismantlement Contractor” means the final Dismantlement Bidder selected in accordance with this Agreement.

“Dispute” is defined in Section 6.01.

“Effective Date” is defined in the preamble hereto.

“Emergency” means a sudden and unforeseen happening, occurrence, condition, complication or circumstance, endangering life or property, that calls for immediate action.

“Environmental Audit” is defined in Section 2.01(a).

“Environmental Laws” means any and all applicable federal, state, tribal and local statutes, laws, rules, regulations, ordinances, codes, principles of common law, judicial orders, administrative orders, consent decrees, judgments, permits, licenses or other binding determinations of any judicial or regulatory authority, now or hereafter in effect, of any Governmental or Regulatory Authority, imposing liability, establishing standards of conduct or otherwise relating to protection of the environment (including natural resources, surface water, groundwater, soils, and indoor and ambient air), health and safety, land use matters or the presence, use, generation, treatment, storage, disposal, Release or threatened Release, transport or handling of Hazardous Substances.

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

“FPL” is defined in the preamble hereto.

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

“Governmental or Regulatory Approval” means any permit, authorization, consent, approval, ruling, tariff, rate, certification, waiver, exemption, filing, variance or Order of, or notice to or registration by or with, any Governmental or Regulatory Authority.

“Governmental or Regulatory Authority” means any entity exercising executive, legislative, judicial, regulatory or administrative functions of government, including any such governmental authority, agency, department, board, commission or instrumentality of the United States, including FERC, the Federal Communications Commission, NERC and any of its regional entities, any state of the United States or any political subdivision thereof, the FPSC, and any tribunal, court or arbitrator(s) of competent jurisdiction.

“Hazardous Substance” means any chemical, material, substance or waste that is regulated under or defined as hazardous or toxic under any Environmental Law or with respect to which liability or standards of conduct are imposed under any Environmental Law.

“JEA” is defined in the preamble hereto.

“JOA” is defined in the recitals hereto.

“Manager” is defined in the preamble hereto.

“NERC” means the North American Electric Reliability Corporation or its successor.

“Order” means any writ, judgment, decree, injunction or award issued, or otherwise put into effect by or under the authority of any court, administrative agency, or other Governmental or Regulatory Authority (in each such case whether preliminary or final), provided that “Order” shall not include any permit.

“Person” means any individual, corporation, company, voluntary association, partnership, joint venture, trust, limited liability company, other business or similar entity or Governmental or Regulatory Authority.

“Pre-Shutdown Period” is defined in Section 2.01.

“Release” when used with respect to the SJRPP Site or adjoining properties, means the presence of or any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping or disposing of any Hazardous Substance into the environment including the abandonment or discarding of barrels, drums, tanks, and similar receptacles and containers, containing Hazardous Substances.

“Remediation” or “Remedial Action” and their derivatives (such as “Remediate”) means and includes any investigation, clean-up, corrective action or monitoring required to comply with applicable Environmental Laws including all actions within the definition of “removal” and “remedial” actions as those terms are defined in applicable Environmental Laws, and “Remediation” shall expressly include any remediation or monitoring required

upon closure of landfills at the SJRPP Site or resulting from ongoing monitoring or required remediation of groundwater in those portions of the SJRPP Site which are not Retained Assets.

“Remediation Bidder” is defined in Section 2.01(b).

“Remediation Contract” means that certain contract by and between JEA and the Remediation Contractor to be selected in accordance with this Agreement, pursuant to which the Remediation Contractor will Remediate certain portions of the SJRPP Site to the specifications, and subject to the legal and other requirements, set forth therein.

“Remediation Contractor” means the final Remediation Bidder selected in accordance with this Agreement.

“Remediation Standard” is defined in Section 2.01(a).

“Retained Assets” shall mean those portions of SJRPP identified on Schedule 1.01(d) to the ATA.

“Service Providers” means each (a) Contractor and (b) other third party hired by Manager to perform fiscal, administrative or other services reasonably necessary in connection with the Services.

“Services” means the responsibilities of Manager under ARTICLE II (Responsibilities).

“Shutdown” has the meaning assigned to such term in the ATA.

“Shutdown Date” has the meaning assigned to such term in the ATA.

“Shutdown Period” is defined in Section 2.02.

“SJRPP” is defined in the recitals hereto.

“SJRPP Site” has the meaning assigned to such term in the ATA.

“Term” is defined in Section 7.01.

Section 1.02 Certain Principles of Interpretation. Each Co-Owner has participated in the drafting of this Agreement, which each Co-Owner acknowledges is the result of extensive negotiations between the Co-Owners; if an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Co-Owners, and no presumption or burden of proof shall arise favoring or disfavoring any Co-Owner by virtue of the authorship of any provision; in this Agreement, unless

otherwise indicated, all words defined in the singular have the corresponding meaning in the plural and vice versa; words importing any gender include the other gender; references to statutes or regulations are to be construed as including all statutory or regulatory provisions consolidating, amending or replacing the statute or regulation referred to; references to "writing" include printing, typing, e-mail and other means of reproducing words in a tangible visible form; the words "including," "includes" and "include" shall be deemed to be followed in each instance by the words "without limitation"; the words "shall" and "will" have the same meaning; unless the context otherwise requires, the word "or" is not exclusive; references to articles, sections (or subdivisions of sections), exhibits, annexes or schedules are to articles, sections (or subdivisions of sections), exhibits, annexes or schedules of or to this Agreement; references to agreements and other contractual instruments shall be deemed to include all amendments, extensions and other modifications to such instruments (without, however, limiting any prohibition on any subsequent amendments, extensions and other modifications by the terms of this Agreement); references to Persons include their respective successors and permitted assigns and, in the case of Governmental or Regulatory Authorities, Persons succeeding to their respective functions and capacities; references to "\$" are intended to refer to U.S. Dollars; and to the extent there is a conflict between any provisions of the JOA and this Agreement, the language of this Agreement controls for the purposes of interpreting the provisions herein.

ARTICLE II

MANAGER'S RESPONSIBILITIES

Section 2.01 Manager's Responsibilities prior to Shutdown. From the Effective Date to the Shutdown Date (the "Pre-Shutdown Period"), Manager shall use commercially reasonable efforts, consistent with the standard of performance set forth in Section 3.01, to provide the following Services on behalf of the Co-Owners:

(a) Within 150 days after the Effective Date, (or as soon thereafter as is reasonably practicable under the circumstances), engage a qualified contractor to complete, and have completed an audit of the SJRPP Site, which audit shall (i) identify, on all portions of SJRPP that are to be Dismantled, all above and below ground regulated Hazardous Substances that might require Remediation after the Shutdown Date, and any ongoing monitoring at the SJRPP Site that might be required, in order to Remediate the SJRPP Site to a "commercial industrial" standard (or similar term or concept as defined by the Florida Department of Environmental Protection or other applicable Governmental or Regulatory Authority) (the "Remediation Standard") and each such action, a "Remedial Action") and (ii) provide an estimate of the costs associated with all such Remedial Actions, for use in connection with this Services Management Agreement and the Decommissioning Contracts (the "Environmental Audit"); provided, however, that to the extent that Remedial Actions not identified in the Environmental Audit become necessary at any time, Manager shall perform, or engage a qualified contractor to perform, such

Remedial Actions, and the costs associated with such Remediation Actions shall be deemed to be Decommissioning Costs for all purposes under this Agreement and, as such, shall be shared among the Co-Owners according to their Ownership Interests.

(b) Based on the Environmental Audit and any other information reasonably available to Manager and not later than 180 days from the Effective Date (or as soon thereafter as is reasonably practicable under the circumstances), (i) submit to the Executive Committee a list of qualified and experienced environmental engineering or similar firms with experience in the Remediation of electric generating facilities similar in size and type to SJRPP, which may include JEA or its Affiliates, that have been selected in accordance with JEA's internal procurement guidelines (each, a "Remediation Bidder"), (ii) develop a detailed scope of work and technical specifications for the Remediation, to be included in a bid solicitation for the Remediation Contract, (iii) select the most competitive Remediation Bidder to be the Remediation Contractor, in accordance with JEA's internal procurement guidelines; and (iv) negotiate and execute on behalf of the Co-Owners a Remediation Contract for SJRPP;

(c) Based on all information reasonably available to Manager regarding SJRPP and the SJRPP Site and not later than 180 days from the Effective Date (or as soon thereafter as is reasonably practicable under the circumstances), (i) submit to the Executive Committee a list of qualified and experienced contractors with experience in the Dismantlement of electric generating facilities similar in size and type to SJRPP, which may include JEA or its Affiliates, that have been selected in accordance with JEA's internal procurement guidelines (each, a "Dismantlement Bidder"), (ii) develop a detailed scope of work and technical specifications for the Remediation, to be included in a bid solicitation for the Dismantlement Contract, (iii) select the most competitive Dismantlement Bidder to be the Dismantlement Contractor, in accordance with JEA's internal procurement guidelines; and (iv) negotiate and execute on behalf of the Co-Owners a Dismantlement Contract for SJRPP;

(d) Represent the Executive Committee and all relevant Functional Committees in business matters with third parties to the extent contemplated by the Decommissioning Contracts to be undertaken during the Pre-Shutdown Period and advise the Executive Committee and all relevant Functional Committees on matters related to the execution of such additional documents reasonably deemed necessary or desirable by Manager to effectuate the transactions and agreements contemplated by the Decommissioning Contracts;

(e) To the extent not delegated to the Remediation Contractor or the Dismantlement Contractor under the applicable Decommissioning Contracts, draft, file and prosecute all applications for Governmental or Regulatory Approvals on behalf of SJRPP as and when required in order to effectuate the Remediation and Dismantlement of SJRPP;

(f) Supervise and monitor the Service Providers with respect to their performance of services during the Pre-Shutdown Period and take such actions as are reasonably necessary to enforce each Service Provider's compliance with its obligations under its applicable contract; provided, that Manager's responsibility for matters which are subject to arrangements with Service Providers shall consist solely of such supervision, monitoring and enforcement and shall not include responsibility for the proper performance of any such matters;

(g) (i) Collect on behalf of the Co-Owners, or cause to be so collected, all payments due to the Co-Owners with respect to SJRPP or otherwise, (ii) subject to funds being made available by the Co-Owners in accordance with the JOA, prepare and promptly pay, or cause to be paid, on behalf of the Co-Owners, all expenses incurred in connection with the Services or the Dismantlement of SJRPP, or Remediation of the SJRPP Site, or that are otherwise due and payable under the Decommissioning Contracts and any other contracts to which Manager is a party in connection with the Services or this Agreement, as contemplated by the Decommissioning Budget or in any approved variance therefrom and (iv) purchase or lease, at the sole expense of the Co-Owners pursuant to and in accordance with the JOA, any materials, supplies and equipment necessary for the performance of the Services; provided, however, that nothing herein shall imply any guarantee or undertaking by Manager with respect to the collection of anything due to the Co-Owners;

(h) Provide reasonable assistance to the Executive Committee and each Functional Committee under, and as defined in, the JOA in order to facilitate the performance by each such committee of its respective obligations and functions under the JOA, to the extent the same are required to be taken during the Pre-Shutdown Period in connection with this Agreement, the Dismantlement of SJRPP or the Remediation of the SJRPP Site;

(i) Perform on behalf of the Co-Owners all reporting and other routine management responsibilities reasonably believed by Manager to be required under this Agreement, the Decommissioning Contracts or any other contracts to which Manager is a party in connection with the Services;

(j) (i) Ensure that all Governmental or Regulatory Approvals and insurance policies required to be obtained in respect of SJRPP pursuant to and in accordance with the JOA, the Decommissioning Contracts, and all Applicable Law have been obtained and monitor and advise the Executive Committee on the actions necessary to be taken to ensure compliance with all such Governmental or Regulatory Approvals and insurance policies obtained in connection with the Decommissioning; and (ii) perform any other ministerial or administrative acts necessary for the timely issuance and continued effectiveness of all Governmental or Regulatory Approvals and insurance policies; provided that, in each case, if responsibility for such activity or duty has been delegated to a Service Provider,

Manager shall supervise and monitor such Service Provider's performance of such delegated activity or duty;

(k) (i) Give prompt written notice to the Executive Committee and Operating Committee of any litigation, disputes with Governmental or Regulatory Authorities, material defaults or *force majeure* events under the Decommissioning Contracts, in each case, promptly after learning of the same and (ii) furnish to the Executive Committee, or direct a Service Provider to furnish, copies of all material documents furnished to Manager or any Service Provider by any Governmental or Regulatory Authority or furnished to any Governmental or Regulatory Authority by Manager or any Service Provider;

(l) Prepare, or cause to be prepared, and submit to the Executive Committee for approval 120 days prior to Shutdown a Decommissioning Budget with a level of detail that is mutually agreed to by the Co-Owners;

(m) Perform such other administrative tasks as the Executive Committee may reasonably request from time to time in connection with or related to SJRPP that are typically within the purview of a manager unless not otherwise permitted; and

(n) Continue to operate and maintain SJRPP and the SJRPP Site, and to generate electricity, as and when required during the Pre-Shutdown Period, in each case, pursuant to and in accordance with Sections Six and Eight of the JOA, as applicable, and continue to otherwise satisfy its obligations under the JOA.

Section 2.02 Manager's Responsibilities from and after Shutdown. From and after the Shutdown Date until the end of the Term (the "Shutdown Period"), Manager shall use commercially reasonable efforts, consistent with the standard of performance set forth in Section 3.01, to provide the following Services on behalf of the Co-Owners:

(a) Represent the Executive Committee and all relevant Functional Committees in business matters with third parties to the extent contemplated by the Decommissioning Contracts to be undertaken during the Shutdown Period and advise the Executive Committee on matters related to the execution of such additional documents reasonably deemed necessary or desirable by Manager to effectuate the transactions and agreements contemplated by the Decommissioning Contracts;

(b) To the extent not delegated to the Remediation Contractor or the Dismantlement Contractor under the applicable Decommissioning Contracts or completed during the Shutdown Period, draft, file and prosecute all applications for Governmental or Regulatory Approvals on behalf of SJRPP as and when required in order to effectuate the Remediation and Dismantlement of SJRPP;

(c) Supervise and monitor the Service Providers with respect to their performance of services during the Shutdown Period and take such actions as are

reasonably necessary to enforce each Service Provider's compliance with its obligations under its applicable contract; provided, that Manager's responsibility for matters which are subject to arrangements with Service Providers shall consist solely of such supervision, monitoring and enforcement and shall not include responsibility for the proper performance of any such matters;

(d) (i) Collect on behalf of the Co-Owners, or cause to be so collected, all payments due to the Co-Owners with respect to SJRPP or otherwise, (ii) subject to funds being made available by the Co-Owners in accordance with the JOA, prepare and promptly pay, or cause to be paid, on behalf of the Co-Owners, all expenses incurred in connection with the Services or the Dismantlement of SJRPP, or Remediation of the SJRPP Site, or that are otherwise due and payable under the Decommissioning Contracts and any other contracts to which Manager is a party in connection with the Services or this Agreement, as contemplated by the Decommissioning Budget or in any approved variance therefrom and (iv) purchase or lease, at the sole expense of the Co-Owners pursuant to and in accordance with the JOA, any materials, supplies and equipment necessary for the performance of the Services; provided, however, that nothing herein shall imply any guarantee or undertaking by Manager with respect to the collection of anything due to the Co-Owners;

(e) Provide reasonable assistance to the Executive Committee and each Functional Committee under, and as defined in, the JOA in order to facilitate the performance by each such committee of its respective obligations and functions under the JOA, to the extent the same are required to be taken during the Shutdown Period in connection with this Agreement, the Dismantlement of SJRPP or the Remediation of the SJRPP Site;

(f) Perform on behalf of the Co-Owners all reporting and other routine management responsibilities reasonably believed by Manager to be required under this Agreement, the Decommissioning Contracts or any other contracts to which Manager is a party in connection with the Services;

(g) (i) Ensure that all Governmental or Regulatory Approvals and insurance policies required to be obtained in respect of SJRPP pursuant to and in accordance with the JOA, the Decommissioning Contracts, and all Applicable Law have been obtained and monitor and advise the Executive Committee on the actions necessary to be taken to ensure compliance with all such Governmental or Regulatory Approvals and insurance policies obtained in connection with the Decommissioning; and (ii) perform any other ministerial or administrative acts necessary for the timely issuance and continued effectiveness of all Governmental or Regulatory Approvals and insurance policies; provided that, in each case, if responsibility for such activity or duty has been delegated to a Service Provider, Manager shall supervise and monitor such Service Provider's performance of such delegated activity or duty;

(h) (i) Give prompt written notice to the Executive Committee of any litigation, disputes with Governmental or Regulatory Authorities, material defaults or *force majeure* events under the Decommissioning Contracts, in each case, promptly after learning of the same and (ii) furnish to the Executive Committee, or direct a Service Provider to furnish, copies of all material documents furnished to Manager or any Service Provider by any Governmental or Regulatory Authority or furnished to any Governmental or Regulatory Authority by Manager or any Service Provider;

(i) Prepare, or cause to be prepared, and submit to the Executive Committee on a monthly basis an updated and complete Decommissioning Budget forecast, including (i) revised and updated estimates with respect to actual costs and expenses incurred through the end of the previous month, including approved change orders and (ii) revised and updated estimates of projected costs and expenses for the two months subsequent to the month with respect to which the updates are being submitted;

(j) Notify the Executive Committee of any exceedance greater than 5% from the budgeted amount for such item in the Decommissioning Budget, promptly after learning of such forecasted exceedance, so that review and approval for such forecasted exceedance can be obtained by the Executive Committee; provided, however, that in the event of an Emergency, subject to Article IV, take such actions as may be reasonable or prudent in order to prevent, avoid or mitigate injury, damage or loss to person or property, and maintain all applicable safety and regulatory requirements, and shall notify the Executive Committee of the funds expended as soon as reasonably practicable;

(k) Make any Florida Department of Environmental Protection filings required to be filed during the Shutdown Period in respect of SJRPP; and

(l) Perform such other administrative tasks as the Executive Committee may reasonably request from time to time in connection with or related to SJRPP that are typically within the purview of a manager unless not otherwise permitted.

Section 2.03 Limitations on Manager's Authority.

(a) Notwithstanding anything contained in this Agreement to the contrary, Manager shall not take any action or engage in any transaction on behalf of FPL or SJRPP or in the name of FPL in contravention of, or that will otherwise cause Manager to be in default under, any Decommissioning Contract, the ATA, the JOA or this Agreement.

(b) Unless approved in writing by the Executive Committee in advance, Manager shall not do or take any of the following acts or decisions:

(i) Finalize the scope of work and technical specifications for the Remediation Contract or the Decommissioning Contract;

(ii) Finalize the list of Remediation Bidders or the Dismantlement Bidders; and

(iii) Execute the Remediation Contract or the Dismantlement Contract.

Section 2.04 Relationship of this Agreement to JOA.

(a) The Co-Owners acknowledge and agree that the JOA expressly contemplates and governs Decommissioning, and this Agreement is intended to specify in greater detail the Co-Owners' respective rights and obligations in respect of Decommissioning.

(b) As and to the extent necessary in order for the Co-Owners to effectuate the purposes of this Agreement (and notwithstanding any termination of the JOA as contemplated under the ATA) and except as expressly set forth herein, the terms and conditions of the JOA shall be incorporated into this Agreement, *mutatis mutandis*, as if set forth herein, and the Co-Owners shall comply with the JOA after the Effective Date in connection with Decommissioning to the same extent as the Co-Owners have complied with the JOA prior to the Effective Date in connection with the financing, construction, operation, maintenance, and repair of SJRPP; provided, however, that given the Co-Owners' mutual intent to suspend normal course operations of SJRPP as a generating facility at the Shutdown Date, the Co-Owners acknowledge and agree that (i) Section Eight of the JOA shall no longer apply from and after the Shutdown Date, (ii) Manager shall provide electrical energy from the JEA Bulk Power System to ensure temporary power after the Shutdown Date only as and to extent necessary in connection with Decommissioning (including but not limited to site power required in order to power the waste water treatment facility and any and all sump pumps), and (iii) notwithstanding anything to the contrary set forth in the JOA, all Costs of Operation (whether fixed or variable) associated with providing such site power shall be billed at the applicable retail tariff to the Co-Owners in proportion to their respective Ownership Interests.

Section 2.05 Subcontractors. Manager may enter into subcontracts for the performance of the Services, as applicable in order to facilitate the Decommissioning, and the costs of such subcontracts shall be deemed to be Decommissioning Costs for all purposes of this Agreement and shall be included in the Decommissioning Budget.

ARTICLE III **STANDARD OF PERFORMANCE**

Section 3.01 Standard of Performance.

(a) Manager shall perform the Services (including, without limitation, in supervising any Service Providers and monitoring and enforcing any rights of the Co-Owners) in accordance with the directives and authorizations of the Executive Committee

or Operating Committee (in each case established under the JOA) and approved in accordance with this Agreement and the JOA, as applicable; provided, however, to the extent policies and procedures are not provided therefor and authorization from the Operating Committee cannot be obtained in a timely manner, Manager shall perform the Services in accordance with Prudent Utility Practice and JEA's internal policies and procedures and in a manner which shall not adversely discriminate against either Co-Owner. It is understood and agreed by the Co-Owners that Manager is not guaranteeing or undertaking to procure any financial or other outcome with respect to SJRPP or the SJRPP Site.

(b) EXCEPT AS MAY BE PROVIDED HEREIN, NO IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE SHALL APPLY TO THE SERVICES OR OTHERWISE, AND ALL SUCH WARRANTIES, IF ANY, ARE EXPRESSLY WAIVED BY THE CO-OWNERS. MANAGER DOES NOT WARRANT UNDER THIS AGREEMENT ANY PRODUCT, MATERIAL OR SERVICES OF ANY PERSON.

ARTICLE IV

PAYMENT OF DECOMMISSIONING COSTS

Section 4.01 Decommissioning Costs. All costs incurred by Manager under or in connection with the Services under this Agreement (including any payments made by Manager to the Remediation Contractor for Remediation or the Dismantlement Contractor for Dismantlement under the applicable Decommissioning Contract and all costs associated with any remediation or monitoring required upon closure of landfills at the SJRPP Site or resulting from ongoing monitoring or required remediation of groundwater in those portions of the SJRPP Site which are not Retained Assets in order to satisfy the Remediation Standard) (collectively, "Decommissioning Costs") other than costs attributable to the Retained Assets shall be classified as Costs of Plant, Costs of Operation, or Other Costs, as applicable, under the JOA and paid by the Co-Owners in proportion to their respective Ownership Interests or as otherwise mutually agreed as and when required pursuant to and in accordance with, and to the accounts specified in, the applicable provisions of the JOA, notwithstanding any termination of the JOA as contemplated under the ATA.

Each Co-Owner shall have the right to review any cost statements, and dispute any costs stated therein, issued under the Agreement as and to the extent provided in the JOA. All costs and expenses incurred in connection with the performance by such Co-Owners' representatives of their respective obligations in connection with the Executive Committee and each Functional Committee shall be paid by the respective Co-Owner and shall not be included as Decommissioning Costs.

All costs and expenses incurred by each Co-Owner's personnel in the performance of any monitoring, inspection, management or other duties in connection with Decommissioning that are reasonably required in order to ensure or verify compliance by the Contractors of the applicable Decommissioning Contracts or otherwise satisfy a Co-Owner's internal requirements or requirements under Applicable Law, shall be deemed to be "Decommissioning Costs" for all purposes under this Agreement and shall be documented by each Co-Owner in terms of hours worked and tasks completed. Any Co-Owner personnel that are intended to be assigned to such duties on a full-time basis shall be subject to the prior written approval of the Operating Committee. Each Co-Owner shall identify the costs and expenses of their respective personnel anticipated to perform any duties in connection with Decommissioning, and the Co-Owners shall mutually agree on the costs and expenses that will be included in the Decommissioning Budget. Costs and expenses that are not included in the Decommissioning Budget will not be reimbursed except as mutually agreed by the Co-Owners or as otherwise provided in this Agreement.

Notwithstanding the foregoing paragraph, the Co-Owners acknowledge that circumstances may arise during Decommissioning that warrant the participation of certain personnel (such as subject matter experts) of either Co-Owner whose costs and expenses are not contemplated in the Decommissioning Budget. In such circumstances, the Co-Owners will mutually agree on the participation of such personnel and costs and expenses associated with these personnel will be deemed to be Decommissioning Costs and will be included in the Decommissioning Budget.

Notwithstanding anything to the contrary set forth herein, any costs expended by Manager in connection with an Emergency shall be deemed for all purposes to be "Decommissioning Costs" under this Agreement.

Section 4.02 Retained Assets Costs. Any and all costs attributable to the Retained Assets, including but not limited to costs associated with Decommissioning and Remediation of such Retained Assets, shall be borne solely by JEA.

ARTICLE V

CO-OWNER RESPONSIBILITIES; INSURANCE

Section 5.01 Cooperation. The Co-Owners shall cooperate in good faith in all activities relating to Decommissioning, including, without limitation, the filing of applications for authorizations, permits or licenses and the execution of such other documents as may be reasonably necessary to carry out the provisions of this Agreement. The Co-Owners shall use their best efforts and shall cooperate to obtain as quickly as possible all requisite governmental, regulatory and vendor approvals of the transactions contemplated hereby.

Section 5.02 Additional Insurance. Consistent with Section 10.3 of the JOA, the Co-Owners hereby agree that JEA shall (a) obtain such insurance policies and/or coverages as may be set forth in Section 10.2 of the JOA or are otherwise reasonably required in connection with Decommissioning and (b) maintain the following insurance policies for a period of four (4) years after the end of the Shutdown Period, in order to provide coverage for accidents that occurred during operation of SJRPP: (i) Excess Liability – First Layer and (ii) Excess Liability – Second Layer. The cost of any such insurance policies and/or coverages shall be considered a Cost of Plant or Cost of Operation, as appropriate.

ARTICLE VI

DISPUTE RESOLUTION

Section 6.01 Dispute Resolution. Any controversy, claim, counterclaim or dispute (singularly or collectively herein, a “Dispute”) arising out of or relating to this Agreement shall be resolved pursuant to and in accordance with Section Fourteen of the JOA.

Section 6.02 Actions Pending Resolution of Disputes. Pending the resolution of a Dispute by the Co-Owners, or by arbitration or judicial proceedings, the Executive Committee shall take such action under, and in accordance with, the JOA and this Agreement, that it deems necessary for the interim handling of activities under dispute so that SJRPP is Dismantled, and the SJRPP Site is Remediated, in each case, in a manner consistent with this Agreement, and each Co-Owner shall advance funds required to perform such activities in accordance with the provisions of this Agreement. Each Co-Owner agrees that it will not utilize the dispute resolution mechanism or fail to agree on a particular matter as a means to delay timely Decommissioning.

ARTICLE VII

COMMENCEMENT AND TERMINATION

Section 7.01 Term. Except as otherwise provided in this Agreement, the Agreement shall commence on the Effective Date and remain in full force and effect until the date that is thirty (30) days after (a) all obligations (other than contingent indemnification obligations) of the Decommissioning Contractors under the Decommissioning Contracts have been fully and finally satisfied under the terms thereof, (b) all Remediation (including any remediation or monitoring required upon closure of landfills at the SJRPP Site or resulting from ongoing monitoring or required remediation of groundwater in those portions of the SJRPP Site which are not Retained Assets) has been fully completed as required to satisfy the Remediation Standard, and (c) all payments required to be paid by the Co-Owners hereunder (including under Section 5.02 of this Agreement) have been fully and finally paid by the applicable Co-Owner (the “Term”).

Section 7.02 Early Termination. Subject to Section 7.01, this Agreement may not be terminated except by mutual agreement of the Co-Owners or pursuant to Section 8.01 or Section 8.02.

ARTICLE VIII **DEFAULT**

Section 8.01 Events of Default. The terms and conditions of Section Thirteen of the JOA shall be incorporated, *mutatis mutandis*, into this Agreement as if set forth herein and shall govern all defaults and events of default under this Agreement; provided, however, that the Co-Owners acknowledge and agree that the remedy described in Section 13.4.2 of the JOA shall not be available to the Co-Owners in the event of an Event of Default occurring after the Shutdown Date.

Section 8.02 Bankruptcy. Subject to the rights or remedies it may have, either Co-Owner shall have the right to terminate this Agreement, effective immediately, if, at any time, the other Co-Owner files a voluntary petition in bankruptcy, or is adjudicated bankrupt or insolvent, or files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute or law relating to bankruptcy, insolvency, or other relief for debtors, whether federal or state, or seeks, consents to, or acquiesces in the appointment of any trustee, receiver, conservator or liquidator of such Co-Owner or of all or any substantial part of its properties, or a court of competent jurisdiction enters an order, judgment or decree approving a petition filed against such Co-Owner seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute or law relating to bankruptcy, insolvency or other relief for debtors, whether federal or state, and such Co-Owner consents to or acquiesces in the entry of such order, judgment or decree, or the same remains unvacated and unstayed for an aggregate of ninety (90) days from the date of entry thereof, or any trustee, receiver, conservator or liquidator of such Co-Owner or of all or any substantial part of its properties is appointed without the consent of or acquiescence of such Co-Owner and such appointment remains unvacated and unstayed for an aggregate of ninety (90) days. The terms “acquiesce” and “acquiescence”, as used herein, include, but are not limited to, the failure to file a petition or motion to vacate or discharge any order, judgment or decree providing for such appointment within the time specified by Applicable Law.

ARTICLE IX **INDEMNIFICATION AND LIMITATION OF DAMAGES**

Section 9.01 Liability to Third Parties; Liability between Co-Owners.

(a) Section 9.1 (Liability to Third Parties) of the JOA shall be incorporated, *mutatis mutandis*, into this Agreement as if set forth herein and shall govern all third-party

indemnification obligations of the Co-Owners under this Agreement, except as to the Retained Assets. Nothing contained in this subsection shall be construed as a waiver, expansion or alteration of JEA's sovereign immunity as to third parties beyond the limitations stated in Section 768.28, Florida Statutes; provided, such immunity shall not apply with respect to JEA's contractual obligations to FPL as set forth in Section 9.1 of the JOA.

(b) With respect to the Retained Assets, JEA shall defend, indemnify and hold harmless FPL from any and all claims, losses, demands or liabilities of any kind or nature asserted by an third party in any way arising from or relating to any act or omission or accident in connection with the Retained Assets, that occurs after the Closing Date (as defined in the ATA). Nothing contained in this subsection shall be construed as a waiver, expansion or alteration of JEA's sovereign immunity as to third parties beyond the limitations stated in Section 768.28, Florida Statutes; provided, such immunity shall not apply with respect to JEA's contractual obligations to FPL as set forth in this subsection.

(c) Except for the obligations to make payments as set forth in this Agreement and except to the extent such liability is discharged by the insurance described in Section Ten of the JOA, neither Co-Owner nor its governing board members, directors, officers, councilmen, agents or employees shall have any liability in contract, in tort or otherwise to the other Co-Owner for any direct, indirect, consequential or special loss, cost, damage or expense incurred or sustained by such other Co-owner arising out of or resulting from any action taken or failed to be taken, whether or not negligent, by such Co-owner or its governing board members, directors, officers, councilmen, employees, agents or contractors, or by any person or persons for whom such Co-Owner is deemed responsible in carrying out or failing to carry out any of the provisions of this Agreement in regard to the Decommissioning, unless such loss, cost, damage or expense results from Willful Action.

Section 9.02 Supremacy. The provisions expressed in this ARTICLE IX shall prevail over any conflicting or inconsistent provisions contained elsewhere in this Agreement and shall survive termination of this Agreement.

ARTICLE X **FORCE MAJEURE**

Section 9.3 of the JOA shall be incorporated, *mutatis mutandis*, into this Agreement as if set forth herein and shall govern events of Force Majeure under this Agreement.

ARTICLE XI

REPRESENTATIONS AND WARRANTIES

Section 11.13 Representations and Warranties of JEA. Sections 3.01 through 3.07 of the ATA shall be incorporated, *mutatis mutandis*, into this Agreement as if set forth herein, and JEA shall make such representations and warranties to FPL as of the Effective Date.

Section 11.14 Representations and Warranties of FPL. Sections 4.01 through 4.04, 4.07 through 4.08 and 4.11 of the ATA shall be incorporated, *mutatis mutandis*, into this Agreement as if set forth herein, and FPL shall make such representations and warranties to JEA as of the Effective Date.

ARTICLE XII

MISCELLANEOUS

Section 12.01 Assignment. Subject to Section Twelve of the JOA, this Agreement shall be binding on the successors and assigns of each Co-owner hereto (including, if JEA shall be abolished, the authority, board, body, commission or agency succeeding to the principal functions and obligations of JEA), and, insofar as permitted by Applicable Law, on any receiver or trustee in bankruptcy, receivership or reorganization of a Co-owner. References herein to FPL or JEA shall be deemed to include such successors and assigns thereof.

Section 12.02 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Florida applicable to a contract executed and performed in such State, without giving effect to any choice of law or conflict of law rules or principles thereof that would require the application of the rules of another jurisdiction.

Section 12.03 Independent Contractor. Nothing contained in this Agreement and no action taken by a Co-Owner shall be (a) deemed to constitute a Co-Owner or any of such Co-Owner's employees, agents or representatives as an employee, agent or representative of the other Co-Owner; or (b) except as contemplated under the Services, deemed to confer on a Co-Owner any expressed or implied right, power or authority to enter into any agreement or commitment, express or implied, or to incur any obligation or liability on behalf of the other Co-Owner, except as expressly authorized in writing.

Section 12.04 Addresses for Notices. All notices and other communications required or permitted to be given or made under this Agreement shall be given or made in writing, by physical (including by certified mail, return receipt requested or courier) or facsimile or electronic mail delivery to the address specified below or such other address as shall be designated in a notice in writing. Notices will be effective upon receipt.

If to JEA:

JEA
21 W Church Street (T-16)
Jacksonville, FL 32202
Attn: Jody Brooks, Chief Legal Officer

and with a copy to (which shall not constitute notice):

Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Attn.: David Kurzweil, Esq.
Facsimile: (212) 906-1307
E-mail: David.Kurzweil@lw.com

If to FPL:

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
Attn: Vice President, Energy Marketing and Trading

with a copy to:

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
Attn: General Counsel

Section 12.05 Entire Agreement. This Agreement supersedes all prior discussions and agreements between the Co-Owners with respect to the subject matter hereof, and contains the sole and entire agreement between the Co-Owners hereto with respect to the subject matter hereof. Parol or extrinsic evidence shall not be used to vary or contradict the express terms of this Agreement, and recourse shall not be had to alleged prior dealings, usage of trade, course of dealing, or course of performance to explain or supplement the express terms of this Agreement.

Section 12.06 Amendment. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, except by a document in writing signed by the Co-Owner against which the enforcement of such termination, amendment, supplement, waiver or modification is sought.

Section 12.07 Third Party Beneficiaries. The terms and provisions of this Agreement are intended solely for the benefit of each Co-Owner hereto and their respective successors or permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 12.08 Severability. A holding by any court or other tribunal of competent jurisdiction that any provision of this Agreement is invalid shall not result in invalidation of the entire Agreement and all remaining terms shall remain in full force and effect. Thereupon, the Co-owners shall promptly renegotiate in good faith new provisions to restore this Agreement as nearly as possible to its original intent and effect.

Section 12.09 Counterparts. This Agreement may be executed in any number of counterparts, including by facsimile or other electronic transmission, each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument and all of which taken together shall constitute one and the same instrument and any of the Co-Owners may execute this Agreement by signing any such counterpart.

Section 12.10 Public Announcements. Except as may be required by Florida Sunshine Laws, so long as this Agreement is in effect, neither Co-Owner shall, and shall use all reasonable best efforts to cause their respective representatives not to, issue or make any reports, statements, comments whether in response to any inquiry or otherwise, or releases to the public or generally to the employees with respect to this Agreement or the transactions contemplated hereby without the consent of the other, such consent not to be unreasonably withheld, conditioned or delayed. FPL acknowledges that JEA is subject to Florida Sunshine Laws, and as such, meetings of its Board of Directors are duly noticed public meetings, and such discussions are exempt from this clause.

Section 12.11 Captions. The captions and section headings appearing in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement.

[Remainder of this page left intentionally blank.]

IN WITNESS WHEREOF, the Co-Owners hereto have executed, or caused to be executed, this Services Management Agreement as of the date first set forth above.

JEA

By: _____

Name: Paul McElroy

Title: Chief Executive Officer

**FLORIDA POWER & LIGHT
COMPANY**

By: _____
Name: Sam Forrest
Title: Vice President

EXHIBIT B

SHUTDOWN ASSIGNMENT & ASSUMPTION AGREEMENT

This **SHUTDOWN ASSIGNMENT AND ASSUMPTION AGREEMENT** (this “Assignment Agreement”) is entered into this ___ day of ___, 201_, by and between Florida Power & Light Company, a corporation organized and existing under the laws of the State of Florida (“FPL”), and JEA, a body politic and an independent agency of the City of Jacksonville, Florida, organized and existing under the laws of the State of Florida (“JE”). Each of FPL and JEA shall be referred to herein as a “Party” and together as the “Parties”.

WITNESSETH:

WHEREAS, FPL and JEA are party to that certain Agreement for Joint Ownership, Construction and Operation of St. Johns River Power Park Coal Units #1 and #2 (“SJRPP”), dated as of April 2, 1982, as amended through the date hereof (the “JOA”);

WHEREAS, pursuant to the JOA, JEA has maintained a series of accounts to hold all cash reserves required under the JOA, including but not limited to the FPL Cash Reserves;

WHEREAS, JEA has maintained the Materials & Supplies Inventory and the Fuel Inventory;

WHEREAS, the Parties now agree that it is in the best interest of their customers to cease operation of SJRPP as a generating facility;

WHEREAS, the Parties have entered into that certain Asset Transfer and Contract Termination Agreement (the “ATA”), dated as of [DATE], pursuant to which the Parties have agreed that as part of effecting the Shutdown of SJRPP, FPL will deliver to JEA the Shutdown Payment; and

WHEREAS, in accordance with the ATA a portion of the Shutdown Payment will be accomplished by FPL assigning to JEA its right, title and interest in the FPL Cash Reserves, FPL's portion of the Materials & Supplies Inventory and FPL's portion of the Fuel Inventory.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Assignment Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

AGREEMENTS

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the ATA.

2. Transfer of FPL Cash Reserves, Materials & Supplies Inventory and Fuel Inventory. In accordance with, and subject to the terms of, the ATA, FPL hereby assigns, transfers and delivers unto JEA, as of the Shutdown Date, free and clear of any Liens, other than Permitted Liens, all of FPL's right, title and interest in and to the FPL Cash Reserves, FPL's portion of the Materials & Supplies Inventory and FPL's portion of the Fuel Inventory in partial satisfaction of the Shutdown Payment.

3. Acceptance and Assumption by Assignee. In accordance with, and subject to the terms of, the ATA, JEA hereby assumes and accepts, as of the Shutdown Date, all of FPL's right, title and interest in and to the FPL Cash Reserves, FPL's portion of the Materials & Supplies Inventory and FPL's portion of the Fuel Inventory in partial satisfaction of the Shutdown Payment

4. Binding Effect; Control. The execution, delivery, and performance of this Assignment Agreement has been duly authorized by all requisite corporation action and this Assignment Agreement constitutes the legal, valid and binding obligation of JEA and FPL, enforceable against each Party in accordance with its terms. Nothing contained in this Assignment Agreement shall in any way supersede, modify, replace, amend, rescind, waive, narrow or broaden any provision set forth in the ATA or any of the rights, remedies or obligations arising therefrom. This Assignment Agreement shall in all ways be governed by, and subject to, the ATA.

5. Counterparts. The Parties acknowledge and agree that this Assignment Agreement may be executed in multiple counterparts, each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument, and transmitted via facsimile or other electronic transmission, each such counterpart (whether transmitted via facsimile, other electronic transmission or otherwise), when executed, shall constitute a part of one and the same agreement between the Parties.

6. Governing Law. This Assignment Agreement shall be governed by, and construed in accordance with, the Laws of the State of Florida applicable to a contract executed and performed in such State, without giving effect to any choice of law or conflict of law rules or principles that would require the application of the rules of another jurisdiction.

7. Successors and Assigns. This Assignment Agreement shall be binding upon and inure to the benefit of FPL and JEA and their respective successors and permitted assigns. This Assignment Agreement or any of the rights, interests or obligations of the Parties under this Assignment Agreement are not assignable (by contract, operation of Law or otherwise) without the prior written consent of the other Party, which such Party may withhold in its discretion, and any attempted assignment, without such consent, shall be null and void.

8. Amendment. Any provision of this Assignment Agreement may be amended, supplemented, modified or waived only by a written instrument duly executed by FPL and JEA. Any such modification, supplement or waiver shall be for such period and subject to such conditions as shall be specified in the instrument effecting the same and shall be binding upon each of FPL and JEA, and any such waiver shall be effective only in the specific instance and for the purposes for which given.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have affixed their signatures to this Assignment Agreement, effective on the date first written above.

FLORIDA POWER & LIGHT COMPANY

By: _____
Name:
Title:

JEA

By: _____
Name:
Title:

EXHIBIT C

DEBT SERVICE ASSIGNMENT & ASSUMPTION AGREEMENT

This **DEBT SERVICE ASSIGNMENT AND ASSUMPTION AGREEMENT** (this “Assignment Agreement”) is entered into this ____ day of ____, 201__, by and between Florida Power & Light Company, a corporation organized and existing under the laws of the State of Florida (“FPL”), and JEA, a body politic and an independent agency of the City of Jacksonville, Florida, organized and existing under the laws of the State of Florida (“JEA”). Each of FPL and JEA shall be referred to herein as a “Party” and together as the “Parties”.

WITNESSETH:

WHEREAS, FPL and JEA are party to that certain Agreement for Joint Ownership, Construction and Operation of St. Johns River Power Park Coal Units #1 and #2 (“SJRPP”), dated as of April 2, 1982, as amended through the date hereof (the “JOA”);

WHEREAS, pursuant to the JOA, JEA has maintained a series of accounts to hold all cash reserves required under the JOA, including but not limited to the Debt Service Reserves, a portion of which was contributed by FPL (the “FPL Debt Service Reserves”);

WHEREAS, the Parties now agree that it is in the best interest of their customers to cease operation of SJRPP as a generating facility; and

WHEREAS, the Parties have entered into that certain Asset Transfer and Contract Termination Agreement (the “ATA”), dated as of [DATE], pursuant to which the Parties have agreed that concurrent with the Shutdown of SJRPP, FPL will assign to JEA the FPL Debt Service Reserves for deposit into one or more escrow accounts as part of the Bond Defeasance.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Assignment Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

AGREEMENTS

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the ATA.

2. Transfer of FPL Debt Service Reserves. In accordance with, and subject to the terms of, the ATA, FPL hereby assigns, transfers and delivers unto JEA, as of the Shutdown Date, free and clear of any Liens, other than Permitted Liens, all of FPL’s right, title and interest in and to the FPL Debt Service Reserves.

3. Acceptance and Assumption by Assignee. In accordance with, and subject to the terms of, the ATA, JEA hereby assumes and accepts, as of the Shutdown Date, all of FPL's right, title and interest in and to the FPL Debt Service Reserves.

4. Binding Effect; Control. The execution, delivery, and performance of this Assignment Agreement has been duly authorized by all requisite corporation action and this Assignment Agreement constitutes the legal, valid and binding obligation of JEA and FPL, enforceable against each Party in accordance with its terms. Nothing contained in this Assignment Agreement shall in any way supersede, modify, replace, amend, rescind, waive, narrow or broaden any provision set forth in the ATA or any of the rights, remedies or obligations arising therefrom. This Assignment Agreement shall in all ways be governed by, and subject to, the ATA.

5. Counterparts. The Parties acknowledge and agree that this Assignment Agreement may be executed in multiple counterparts, each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument, and transmitted via facsimile or other electronic transmission, each such counterpart (whether transmitted via facsimile, other electronic transmission or otherwise), when executed, shall constitute a part of one and the same agreement between the Parties.

6. Governing Law. This Assignment Agreement shall be governed by, and construed in accordance with, the Laws of the State of Florida applicable to a contract executed and performed in such State, without giving effect to any choice of law or conflict of law rules or principles that would require the application of the rules of another jurisdiction.

7. Successors and Assigns. This Assignment Agreement shall be binding upon and inure to the benefit of FPL and JEA and their respective successors and permitted assigns. This Assignment Agreement or any of the rights, interests or obligations of the Parties under this Assignment Agreement are not assignable (by contract, operation of Law or otherwise) without the prior written consent of the other Party, which such Party may withhold in its discretion, and any attempted assignment, without such consent, shall be null and void.

8. Amendment. Any provision of this Assignment Agreement may be amended, supplemented, modified or waived only by a written instrument duly executed by FPL and JEA. Any such modification, supplement or waiver shall be for such period and subject to such conditions as shall be specified in the instrument effecting the same and shall be binding upon each of FPL and JEA, and any such waiver shall be effective only in the specific instance and for the purposes for which given.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have affixed their signatures to this Assignment Agreement, effective on the date first written above.

FLORIDA POWER & LIGHT COMPANY

By: _____
Name:
Title:

JEA

By: _____
Name:
Title:

EXHIBIT D

CLOSING ASSIGNMENT & ASSUMPTION AGREEMENT

This **CLOSING ASSIGNMENT AND ASSUMPTION AGREEMENT** (this “Assignment Agreement”) is entered into this ___ day of ___, 201_, by and between Florida Power & Light Company, a corporation organized and existing under the laws of the State of Florida (“FPL”), and JEA, a body politic and an independent agency of the City of Jacksonville, Florida, organized and existing under the laws of the State of Florida (“JEA”). Each of FPL and JEA shall be referred to herein as a “Party” and together as the “Parties”.

WITNESSETH:

WHEREAS, FPL and JEA are party to that certain Agreement for Joint Ownership, Construction and Operation of St. Johns River Power Park Coal Units #1 and #2 (“SJRPP”), dated as of April 2, 1982, as amended through the date hereof (the “JOA”);

WHEREAS, the FPL and JEA have each determined that it is in the best interest of their customers to cease operation of SJRPP as a generating facility;

WHEREAS, the Parties have entered into that certain Asset Transfer and Contract Termination Agreement (the “ATA”), dated as of [DATE], pursuant to which the Parties have agreed FPL will transfer to JEA its ownership in SJRPP; and

WHEREAS, pursuant to the ATA, FPL has agreed to transfer all rights, title and interests held by FPL in Permits relating to SJRPP and its operations (the “SJRPP Permits”) to JEA.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Assignment Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

AGREEMENTS

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the ATA.

2. Transfer of FPL Permits. In accordance with, and subject to the terms of, the ATA, FPL hereby assigns, transfers and delivers unto JEA, as of the Closing Date, free and clear of any Liens, other than Permitted Liens, all of FPL’s right, title and interest in and to the SJRPP Permits.

3. Acceptance and Assumption by Assignee. In accordance with, and subject to the terms of, the ATA, JEA hereby assumes and accepts as of the Closing Date, all of FPL’s right, title and interest in and to the SJRPP Permits.

4. Binding Effect; Control. The execution, delivery, and performance of this Assignment Agreement has been duly authorized by all requisite corporation action and this Assignment Agreement constitutes the legal, valid and binding obligation of JEA and FPL, enforceable against each Party in accordance with its terms. Nothing contained in this Assignment Agreement shall in any way supersede, modify, replace, amend, rescind, waive, narrow or broaden any provision set forth in the ATA or any of the rights, remedies or obligations arising therefrom. This Assignment Agreement shall in all ways be governed by, and subject to, the ATA.

5. Counterparts. The Parties acknowledge and agree that this Assignment Agreement may be executed in multiple counterparts, each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument, and transmitted via facsimile or other electronic transmission, each such counterpart (whether transmitted via facsimile, other electronic transmission or otherwise), when executed, shall constitute a part of one and the same agreement between the Parties.

6. Governing Law. This Assignment Agreement shall be governed by, and construed in accordance with, the Laws of the State of Florida applicable to a contract executed and performed in such State, without giving effect to any choice of law or conflict of law rules or principles that would require the application of the rules of another jurisdiction.

7. Successors and Assigns. This Assignment Agreement shall be binding upon and inure to the benefit of FPL and JEA and their respective successors and permitted assigns. This Assignment Agreement or any of the rights, interests or obligations of the Parties under this Assignment Agreement are not assignable (by contract, operation of Law or otherwise) without the prior written consent of the other Party, which such Party may withhold in its discretion, and any attempted assignment, without such consent, shall be null and void.

8. Amendment. Any provision of this Assignment Agreement may be amended, supplemented, modified or waived only by a written instrument duly executed by FPL and JEA. Any such modification, supplement or waiver shall be for such period and subject to such conditions as shall be specified in the instrument effecting the same and shall be binding upon each of FPL and JEA, and any such wavier shall be effective only in the specific instance and for the purposes for which given.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have affixed their signatures to this Assignment Agreement, effective on the date first written above.

FLORIDA POWER & LIGHT COMPANY

By: _____
Name:
Title:

JEA

By: _____
Name:
Title:

**TERMINATION AGREEMENT
(TRANSMISSION SERVICE)**

This **TERMINATION AGREEMENT** is entered into this ____ day of ____, 201__ (this "Termination Agreement"), by and between Florida Power & Light Company, a corporation organized and existing under the laws of the State of Florida ("FPL"), and JEA, a body politic and an independent agency of the City of Jacksonville, Florida, organized and existing under the laws of the State of Florida ("JEA"). Each of FPL and JEA shall be referred to herein as a "Party" and together as the "Parties".

WITNESSETH:

WHEREAS, FPL and JEA are party to that certain Agreement for Joint Ownership, Construction and Operation of St. Johns River Power Park Coal Units #1 and #2 ("SJRPP"), dated as of April 2, 1982, as amended through the date hereof (the "JOA");

WHEREAS, to transmit the electric energy generated by SJRPP from the SJRPP Site to the FPL service territory, the Parties entered into that certain [**NAME OF AGREEMENT**] dated [**DATE**] (the "Transmission Service Agreement");

WHEREAS, the Parties now agree that it is in the best interest of their customers to cease operation of SJRPP as a generating facility;

WHEREAS, when SJRPP ceases operation, FPL will have no need for rights to transmit the electric energy from the SJRPP Site to the FPL service territory; and

WHEREAS, the Parties have entered into that certain Asset Transfer and Contract Termination Agreement (the "ATA"), dated as of [**DATE**], pursuant to which the Parties have agreed, among other things, to terminate the Transmission Service Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Termination Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

AGREEMENTS

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the ATA.

2. Conditions to Effectiveness. Notwithstanding anything else in the ATA or this Termination Agreement to the contrary, this Termination Agreement, its impact on the Transmission Service Agreement, JOA and the rights and obligations of the Parties thereunder shall not be effective until the Shutdown Date.

3. Termination of the Transmission Service Agreement. Except as otherwise provided in the ATA, the Parties agree that, as of the Shutdown Date, the Transmission Service Agreement shall be terminated and of no further force or effect and neither JEA nor FPL shall have any rights or obligations with respect the other arising from the Transmission Service Agreement.

4. Release. Each Party hereby irrevocably and unconditionally releases and discharges the other Party from all of its obligations, responsibilities, covenants and undertakings arising under or in connection with the Transmission Service Agreement and waives any and all rights or claims it has or may have under or in connection with the JOA. Notwithstanding the foregoing, JEA shall be entitled to charge and FPL shall be obligated to pay any fees, expenses or other charges associated with the Transmission Service Agreement which were accrued prior to the Shutdown Date.

5. Binding Effect; Control. The execution, delivery, and performance of this Termination Agreement has been duly authorized by all requisite corporation action and this Termination Agreement constitutes the legal, valid and binding obligation of JEA and FPL, enforceable against each Party in accordance with its terms. Nothing contained in this Termination Agreement shall in any way supersede, modify, replace, amend, rescind, waive, narrow or broaden any provision set forth in the ATA or any of the rights, remedies or obligations arising therefrom. This Termination Agreement shall in all ways be governed by, and subject to, the ATA.

6. Counterparts. The Parties acknowledge and agree that this Termination Agreement may be executed in multiple counterparts, each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument, and transmitted via facsimile or other electronic transmission, each such counterpart (whether transmitted via facsimile, other electronic transmission or otherwise), when executed, shall constitute a part of one and the same agreement between the Parties.

7. Governing Law. This Termination Agreement shall be governed by, and construed in accordance with, the Laws of the State of Florida applicable to a contract executed and performed in such State, without giving effect to any choice of law or conflict of law rules or principles that would require the application of the rules of another jurisdiction.

8. Successors and Assigns. This Termination Agreement shall be binding upon and inure to the benefit of FPL and JEA and their respective successors and permitted assigns. This Termination Agreement or any of the rights, interests or obligations of the Parties under this Termination Agreement are not assignable (by contract, operation of Law or otherwise) without the prior written consent of the other Party, which such Party may withhold in its discretion, and any attempted assignment, without such consent, shall be null and void.

9. Amendment. Any provision of this Termination Agreement may be amended, supplemented, modified or waived only by a written instrument duly executed by FPL and JEA. Any such modification, supplement or waiver shall be for such period and subject to such conditions as shall be specified in the instrument effecting the same and shall be binding upon each of FPL and JEA, and any such waiver shall be effective only in the specific instance and for the purposes for which given.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have affixed their signatures to this Termination Agreement, effective on the date first written above.

FLORIDA POWER & LIGHT COMPANY

By: _____
Name:
Title:

JEA

By: _____
Name:
Title:

**TERMINATION AGREEMENT
(JOINT OPERATING AGREEMENT)**

This **TERMINATION AGREEMENT** is entered into this ___ day of ___, 201__ (this “Termination Agreement”), by and between Florida Power & Light Company, a corporation organized and existing under the laws of the State of Florida (“FPL”), and JEA, a body politic and an independent agency of the City of Jacksonville, Florida, organized and existing under the laws of the State of Florida (“JEA”). Each of FPL and JEA shall be referred to herein as a “Party” and together as the “Parties”.

WITNESSETH:

WHEREAS, FPL and JEA are party to that certain Agreement for Joint Ownership, Construction and Operation of St. Johns River Power Park Coal Units #1 and #2 (“SJRPP”), dated as of April 2, 1982, as amended through the date hereof (the “JOA”);

WHEREAS, the Parties now agree that it is in the best interest of their customers to cease operation of SJRPP as a generating facility, dismantle SJRPP and remediate the SJRPP Site;

WHEREAS, the Parties have entered into that certain Asset Transfer and Contract Termination Agreement (the “ATA”), dated as of [DATE], pursuant to which the Parties have agreed, among other things, to terminate the JOA.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Termination Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

AGREEMENTS

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the ATA.

2. Conditions to Effectiveness. Notwithstanding anything else in the ATA or this Termination Agreement to the contrary, this Termination Agreement, its impact on the JOA and the rights and obligations of the Parties thereunder shall not be effective unless and until the Closing Date.

3. Termination of the JOA. Except as otherwise set forth in Paragraph 4, below, or in the ATA, the Parties agree that, as of the Closing Date, the JOA shall be terminated and of no further force or effect and neither JEA nor FPL shall have any rights or obligations with respect to or otherwise arising from the JOA.

4. Release. Each Party hereby irrevocably and unconditionally releases and discharges the other Party from all of its obligations, responsibilities, covenants and undertakings arising under or in connection with the JOA and waives any and all rights or claims it has or may have under or in connection with the JOA, except to the extent otherwise expressly provided in this Termination Agreement. Notwithstanding the foregoing, JEA shall be entitled to charge and FPL shall be obligated to pay any fees, expenses or other charges associated with the JOA which were accrued prior to the Closing Date.

5. Survival. Notwithstanding anything else in the ATA or this Termination Agreement to the contrary, the Parties hereby agree and acknowledge that the JOA shall survive the Closing solely with respect to:

- (i) the continued joint participation of the Parties in their defense in respect of the Existing Litigations and the Parties will contribute towards any judgment, award, or settlement to be paid to a plaintiff or complainant, if any, in each such Action in accordance with the existing agreements between the Parties, including the JOA;
- (ii) the joint participation of the Parties in the defense of any litigation, action or proceeding, other than the Existing Litigations, arising out of or related to the JOA prior to the effective date of this Termination Agreement or the Parties' joint ownership of SJRPP and the Parties will contribute towards any judgment, award, or settlement to be paid to a plaintiff or complainant, if any, in each such case in accordance with the existing agreements between the Parties, including the JOA ; and
- (iii) with respect to their mutual indemnification obligations to third parties, Section 9.1 (Liability to Third Parties) of the JOA shall be incorporated, *mutatis mutandis*, into this Agreement as if set forth herein and shall govern all third-party indemnification obligations of the Co-Owners under this Agreement, except as to Retained Assets. Nothing contained in this subsection shall be construed as a waiver, expansion or alteration of JEA's sovereign immunity as to third parties beyond the limitations stated in Section 768.28, Florida Statutes; provided, such immunity shall not apply with respect to JEA's contractual obligations to FPL as set forth in Section 9.1 of the JOA; and
- (iv) with respect to the Retained Assets, JEA shall defend, indemnify and hold harmless FPL from any and all claims, losses, demands or liabilities of any kind or nature asserted by an third party in any way arising from or relating to any act or omission or accident in connection with the Retained Assets, that occurs after the Closing Date (as defined in the ATA). Nothing contained in this subsection shall be construed as a waiver, expansion or alteration of JEA's sovereign immunity as to third parties beyond the limitations stated in Section 768.28, Florida Statutes; provided, such

immunity shall not apply with respect to JEA's contractual obligations to FPL as set forth in this subsection.

6. Binding Effect; Control. The execution, delivery, and performance of this Termination Agreement has been duly authorized by all requisite corporation action and this Termination Agreement constitutes the legal, valid and binding obligation of JEA and FPL, enforceable against each Party in accordance with its terms. Nothing contained in this Termination Agreement shall in any way supersede, modify, replace, amend, rescind, waive, narrow or broaden any provision set forth in the ATA or any of the rights, remedies or obligations arising therefrom. This Termination Agreement shall in all ways be governed by, and subject to, the ATA.

7. Counterparts. The Parties acknowledge and agree that this Termination Agreement may be executed in multiple counterparts, each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument, and transmitted via facsimile or other electronic transmission, each such counterpart (whether transmitted via facsimile, other electronic transmission or otherwise), when executed, shall constitute a part of one and the same agreement between the Parties.

8. Governing Law. This Termination Agreement shall be governed by, and construed in accordance with, the Laws of the State of Florida applicable to a contract executed and performed in such State, without giving effect to any choice of law or conflict of law rules or principles that would require the application of the rules of another jurisdiction.

9. Successors and Assigns. This Termination Agreement shall be binding upon and inure to the benefit of FPL and JEA and their respective successors and permitted assigns. This Termination Agreement or any of the rights, interests or obligations of the Parties under this Termination Agreement are not assignable (by contract, operation of Law or otherwise) without the prior written consent of the other Party, which such Party may withhold in its discretion, and any attempted assignment, without such consent, shall be null and void.

10. Amendment. Any provision of this Termination Agreement may be amended, supplemented, modified or waived only by a written instrument duly executed by FPL and JEA. Any such modification, supplement or waiver shall be for such period and subject to such conditions as shall be specified in the instrument effecting the same and shall be binding upon each of FPL and JEA, and any such waiver shall be effective only in the specific instance and for the purposes for which given.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have affixed their signatures to this Termination Agreement, effective on the date first written above.

FLORIDA POWER & LIGHT COMPANY

By: _____
Name:
Title:

JEA

By: _____
Name:
Title:

BILL OF SALE

This BILL OF SALE (this "Bill of Sale") is made as of [DATE], by and between FLORIDA POWER & LIGHT COMPANY, a Florida corporation ("Seller") and JEA, a body politic and an independent agency of the city of Jacksonville, Florida ("Buyer"). Each of Buyer and Seller shall be referred to herein as a "Party" and together as the "Parties".

WITNESSETH:

WHEREAS, Seller and Buyer have entered into that certain Asset Transfer and Contract Termination Agreement (the "ATA"), dated as of [DATE], pursuant to which, Seller has agreed to sell and Buyer has agreed to buy certain personal property listed on Annex A hereto (the "Assets") located at the St. Johns River Power Park Coal Units #1 and #2 ("SJRPP");

WHEREAS, Seller and Buyer desire Buyer to be in possession of the instruments necessary to evidence the vesting in Buyer of title in and to the Assets pursuant to the transactions contemplated by the ATA; and

WHEREAS, this Bill of Sale is entered into pursuant to the terms of the ATA.

NOW THEREFORE, in consideration for the mutual covenants and agreements set forth in the ATA and this Bill of Sale, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, Seller and Buyer agree as follows:

AGREEMENTS

1. Sale and Purchase. Seller, for and in consideration of the sum of TEN DOLLARS (\$10.00) in lawful money of the United States, paid to it by Buyer, the receipt and sufficiency of which is hereby acknowledged, does hereby convey, grant, bargain, sell, transfer and deliver unto Buyer, and Buyer hereby purchases and accepts effective as of the Closing Date (as defined in the ATA), all of Seller's right, title and interest to the Assets, located in the County of Duval, State of Florida, free and clear from any Liens other than Permitted Liens.

2. As-Is/Where-Is. BUYER ACKNOWLEDGES THAT BUYER HAS THOROUGHLY INSPECTED THIS PERSONAL PROPERTY AND UNDERSTANDS THAT IT IS PURCHASED AS IS WITHOUT EXCEPTION FOR KNOWN OR UNKNOWN DEFECTS, BUYER FURTHER ACKNOWLEDGES THAT THIS DISCLAIMER OF LIABILITY, FOR BOTH NEGLIGENCE AND WARRANTY, CONSTITUTES PART OF THE BASIS OF THE BARGAIN BETWEEN THE PARTIES AND THAT NO WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, HAS BEEN PREVIOUSLY OR IS HEREBY GIVEN WITH RESPECT TO THIS PROPERTY.

3. Counterparts. The Parties acknowledge and agree that this Bill of Sale may be executed in multiple counterparts, each of which shall be an original with the same effect as if the

signatures thereto and hereto were upon the same instrument, and transmitted via facsimile or other electronic transmission, each such counterpart (whether transmitted via facsimile, other electronic transmission or otherwise), when executed, shall constitute a part of one and the same agreement between the Parties.

4. Governing Law. This Bill of Sale shall be governed by, and construed in accordance with, the Laws of the State of Florida applicable to a contract executed and performed in such State, without giving effect to any choice of law or conflict of law rules or principles that would require the application of the rules of another jurisdiction.

5. Successors and Assigns. This Bill of Sale shall be binding upon and inure to the benefit of Seller and Buyer and their respective successors and permitted assigns. This Bill of Sale or any of the rights, interests or obligations of the Parties under this Bill of Sale are not assignable (by contract, operation of Law or otherwise) without the prior written consent of the other Party, which such Party may withhold in its discretion, and any attempted assignment, without such consent, shall be null and void.

6. Amendment. Any provision of this Bill of Sale may be amended, supplemented, modified or waived only by a written instrument duly executed by Seller and Buyer. Any such modification, supplement or waiver shall be for such period and subject to such conditions as shall be specified in the instrument effecting the same and shall be binding upon each of Seller and Buyer, and any such wavier shall be effective only in the specific instance and for the purposes for which given.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Seller has caused this Bill of Sale to be executed, this ____ day
of _____, 201[].

FLORIDA POWER & LIGHT COMPANY

By:_____

Print Name:_____

Title:_____

JEA

By:_____

Print Name:_____

Title:_____

IN WITNESS WHEREOF, _____ has hereunto set is hand and seal on this ____ day of _____, 201[].

Signed, sealed and delivered
in the presence of:

FLORIDA POWER & LIGHT COMPANY

By: _____

Print Name: _____

Print Name: _____

ACKNOWLEDGEMENT

STATE OF FLORIDA)
)ss:
COUNTY OF PALM BEACH)

On this ____ day of _____, 201[], before me, the undersigned notary public, personally appeared _____, _____(title) of, a _____, personally known to me to be the person who subscribed to the foregoing instrument or who has produced _____ as identification, and acknowledged that ____ executed the same on behalf of said corporation and that ____ was duly authorized to do so.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

(*seal*)

NOTARY PUBLIC, STATE OF FLORIDA

Name (Print)

Commission No: _____

My Commission Expires:

ANNEX A

Switchyard with Relay House and Security Fencing

Asset Location

ST. JOHNS RIVER PARK SWITCHYARD (JEA) - 1991283870

Retirement Unit

120.117 : BREAKER, 240KV
126.375 : STRUCTURE, MAIN TRANSFOR
126.375 : STRUCTURE, MAIN TRANSFOR
128.411 : FOUNDATION, AF-STRUCTURE
133.605 : SWITCH DISCONNECT 230KV
119.065 : TRANSFORMER, ENCLOSURE
124.428 : BUS SYSTEM ALUMINUM
112.200 : RELAY VAULT (BUILDING)
140.892 : TRANSFORMER, CURRENT FRE
133.605 : SWITCH DISCONNECT 230KV
120.117 : BREAKER, 240KV
133.605 : SWITCH DISCONNECT 230KV
128.400 : FOUNDATION, TRANSFORMER
134.617 : SWITCH FAULT INTERRUPT/C
128.400 : FOUNDATION, TRANSFORMER
120.117 : BREAKER, 240KV
120.117 : BREAKER, 240KV
136.645 : LIGHTNING ARRESTOR 139-2
105.120 : FILL & GRADE-SUBSTATION
083.820 : COUPLING CAPACITOR VOLTA
124.542 : BUS SYSTEM ACSR
114.789 : CONDUIT SYSTEM
120.117 : BREAKER, 240KV
120.117 : BREAKER, 240KV
120.117 : BREAKER, 240KV
133.605 : SWITCH DISCONNECT 230KV
140.892 : TRANSFORMER, CURRENT FRE
128.415 : FOUNDATION, PIPE COLUMN
102.150 : SITE DRAINAGE SYSTEM
084.874 : FAULT LOCATOR
119.890 : FIRE FOG PROTECTION SYST
139.689 : TRANSFORMER, POTENTIAL 2
114.796 : CABLE TRENCH
119.890 : FIRE FOG PROTECTION SYST
083.820 : COUPLING CAPACITOR VOLTA
139.689 : TRANSFORMER, POTENTIAL 2
127.482 : STRUCTURE, AF-230KV
110.775 : BATTERY CHARGER
114.790 : CABLE TRAY

128.410 : FOUNDATION, DISCONNECT S
107.410 : FENCE
120.117 : BREAKER, 240KV
141.738 : PANEL, LINE RELAY
000.000 : Non-Unitized
129.527 : YARDLIGHT SYSTEM-TRAN/SU
113.665 : GROUND SYSTEM
119.067 : TRANSFORMER, EQUIPMENT O
127.397 : STRUCTURE, PIPE COLUMN O
119.067 : TRANSFORMER, EQUIPMENT O
110.779 : BATTERY SET WITH RACK
141.720 : PANEL, ALTERNATING CURRE
112.230 : AIR CONDITIONING DUCT WO
110.779 : BATTERY SET WITH RACK
011.110 : CLEARING
139.689 : TRANSFORMER, POTENTIAL 2
138.671 : METER VOLTAGE
112.231 : AIR CONDITION COMPRESSOR
127.472 : STRUCTURE, DISCONNECT SW
128.404 : FOUNDATION, BREAKER 230-
011.100 : SITE PREPARATION-TRAN/SU
110.775 : BATTERY CHARGER
105.140 : ROCK SURFACE
127.813 : STRUCTURE, E-COUPLING CA
128.392 : FOUNDATION, LIGHTNING AR
083.820 : COUPLING CAPACITOR VOLTA
112.201 : ROOF (BUILDING)
141.738 : PANEL, LINE RELAY
131.662 : INSULATORS
141.744 : PANEL, LOCAL BACKUP
460.199 : COMMUNICATION EQUIPMENT
127.517 : STRUCTURE, LPT-LINE POTE
128.412 : FOUNDATION, E-STRUCTURE
118.901 : TRANSFORMER, STATION SER
083.820 : COUPLING CAPACITOR VOLTA
124.428 : BUS SYSTEM ALUMINUM
107.005 : FENCE-EQUIPMENT
131.662 : INSULATORS
107.005 : FENCE-EQUIPMENT
141.742 : PANEL, TRANSFER TRIP
141.740 : PANEL, DIFFERENTIAL RELA
141.725 : PANEL, SUPERVISORY EQUIP
141.723 : PANEL, DIRECT CURRENT LO
137.701 : CABINET, JUNCTION BOX
141.750 : PANEL, SYNCHRONIZING
141.634 : RELAY FRAME RACK

124.662 : INSULATOR (inactive)
124.662 : INSULATOR (inactive)
124.662 : INSULATOR (FOR SUB BUS
008.795 : CONT CABLE SYSTEM - MINO
000.000 : FPL Conversion 000
000.000 : FPL Conversion 000
000.000 : FPL Conversion 000
000.000 : FPL Conversion 000
084.874 : FAULT LOCATOR
120.117 : BREAKER, 240KV
120.117 : BREAKER, 240KV
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120.117 : BREAKER, 240KV
120.125 : BREAKER, 240KV GAS INSTA
120.126 : BREAKER, 69-240KV OIL IN
120.126 : BREAKER, 69-240KV OIL IN
120.126 : BREAKER, 69-240KV OIL IN
120.126 : BREAKER, 69-240KV OIL IN
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120.126 : BREAKER, 69-240KV OIL IN
120.126 : BREAKER, 69-240KV OIL IN
120.126 : BREAKER, 69-240KV OIL IN
000.000 : FPL Conversion 000
000.000 : FPL Conversion 000
000.000 : FPL Conversion 000
110.779 : BATTERY SET WITH RACK
112.201 : ROOF (BUILDING)
083.820 : COUPLING CAPACITOR VOLTA
117.009 : TRANSFORMER, PLANT MAIN

117.009 : TRANSFORMER, PLANT MAIN
117.009 : TRANSFORMER, PLANT MAIN
117.009 : TRANSFORMER, PLANT MAIN
117.013 : TRANSFORMER, AUTO 1-20 M
117.013 : TRANSFORMER, AUTO 1-20 M
117.013 : TRANSFORMER, AUTO 1-20 M
117.013 : TRANSFORMER, AUTO 1-20 M
117.108 : TRANSFORMER, AUTO 1-120
117.108 : TRANSFORMER, AUTO 1-120
117.108 : TRANSFORMER, AUTO 1-120
117.108 : TRANSFORMER, AUTO 1-120
117.115 : TRANSFORMER, PLANT MAIN
117.115 : TRANSFORMER, PLANT MAIN
117.115 : TRANSFORMER, PLANT MAIN
117.115 : TRANSFORMER, PLANT MAIN
141.768 : PANEL, REMOTE COMM. PROC
460.199 : COMMUNICATION EQUIPMENT
460.199 : COMMUNICATION EQUIPMENT

Railroad Tracks

Asset Location

ST JOHNS RIVER POWER PARK (JEA) COMMON - 5991250026

Retirement Unit

209.1169 : TRACK SYSTEM
209.1169 : TRACK SYSTEM
209.1169 : TRACK SYSTEM
209.1169 : TRACK SYSTEM
209.1169 : TRACK SYSTEM
209.1173 : SIGNAL/CONTROL SYSTEM CO
209.1173 : SIGNAL/CONTROL SYSTEM CO
209.1173 : SIGNAL/CONTROL SYSTEM CO
209.1173 : SIGNAL/CONTROL SYSTEM CO

Deep Wells

Asset Location

ST JOHNS RIVER POWER PARK (JEA) COMMON - 5991250026

Retirement Unit

501.6030 : RAW WATER WELL
501.6024 : PIPING
501.6030 : RAW WATER WELL
501.6020 : CONTROL/INSTRUMENTATION
501.6025 : PUMP COMPLETE
501.6025 : PUMP COMPLETE
501.6024 : PIPING
501.6024 : PIPING

501.6021 : DRIVE, ELECTRIC MOTOR, C
501.6022 : FOUNDATION
501.6021 : DRIVE, ELECTRIC MOTOR, C
501.6030 : RAW WATER WELL
501.6022 : FOUNDATION
501.6029 : CATHODIC PROTECTION EQUI
501.6026 : TANK
501.6030 : RAW WATER WELL
501.6030 : RAW WATER WELL
501.6025 : PUMP COMPLETE
501.6021 : DRIVE, ELECTRIC MOTOR, C
501.6028 : VALVE, POWER OPERATED 8
501.6021 : DRIVE, ELECTRIC MOTOR, C
501.6020 : CONTROL/INSTRUMENTATION
501.6028 : VALVE, POWER OPERATED 8
501.6029 : CATHODIC PROTECTION EQUI

First Coast Radio Tower and Equipment

Tower Foundation

Radio Tower

Antenna equipment

Radio Equipment

All Cabling and Fiber

EXHIBIT H

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED is made the _____ day of _____, 2017, by **FLORIDA POWER & LIGHT COMPANY**, a corporation organized and existing under the laws of the State of Florida, 700 Universe Boulevard, Juno Beach, Florida 33408-0420 ("**Grantor**") to **JEA**, a body politic and an independent agency of the City of Jacksonville, Florida, organized and existing under the laws of the State of Florida ("**Grantee**").

WITNESSETH: Grantor, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt and legal sufficiency of which is acknowledged by **Grantor**, by these presents does grant, bargain, sell, alien, remise, release, convey and confirm unto **Grantee**, its successors and assigns, all of its right title and interest in and to that certain land situated in Duval County, Florida and more particularly described on Exhibit A attached hereto and made a part hereof.

TOGETHER WITH all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

TO HAVE AND TO HOLD the same in fee simple forever.

SUBJECT TO the covenants, terms, conditions, obligations and rights contained in that certain Asset Transfer and Contract Termination Agreement between the JEA and Florida Power & Light Company, dated [●], 2017.

Grantor hereby covenants with Grantee that, except as noted above and except for those Easements recorded in Official Records Book 2695, page 686 as deeded in Official Record Book 3040, page 1006 as resolved in resolution in Official Records Book 3293, page 753 as to Parcels 2, 3 and 5 described on Exhibit A hereto, at the time of the delivery of this deed the land was free from all encumbrances made by Grantor, and Grantor will defend the same against the lawful claims of all persons claiming by, through or under Grantor, but against none other.

IN WITNESS WHEREOF, Grantor has caused these presents to be executed in its name, and its corporate seal hereunto affixed, by its proper officers thereunto duly authorized, the day and year first above written.

FLORIDA POWER & LIGHT COMPANY,
a corporation

By: _____
Its

Attest: _____
Its

EXHIBIT A

That certain piece, parcel or tract of land situate, lying and being in the City of Jacksonville, County of Duval, State of Florida, to wit:

PARCEL #1:

A part of Lots 19 and 20, Subdivision of the Domingo Fernandez Grant, as shown on plat recorded in Plat Book 1, page 18, of the former public records of Duval County, Florida, being more particularly described as follows:

For a point of reference, commence at the Northeasterly corner of Section 38, Township 1 South, Range 27 East, said Duval County; thence North 71 degrees 45 minutes 48 seconds East along the Southerly line of Section 39, Township 1 South, Range 27 East, said Duval County, a distance of 231.0 feet to the Southeasterly corner of said Section 39; thence North 17 degrees 24 minutes 47 seconds West, along the Easterly line of said Section 39, a distance of 373.29 feet to the Northerly line of a 100 foot wide Railroad right of way as described in Official Records Volume 768, page 482, of the Current Public Records of said Duval County; thence North 76 degrees 44 minutes 54 seconds West along said Northerly line, a distance of 162.18 feet to the Westerly line of the lands described in Official Records Volume 2695, page 886, of said Current Public Records and the point of beginning; thence continue along said Northerly line North 76 degrees 44 minutes 54 seconds West a distance of 1071.66 feet; thence South 82 degrees 28 minutes 23 seconds East, a distance of 178.89 feet; thence South 88 degrees 11 minutes 52 seconds East, a distance of 97.50 feet to the Point of Curvature of a curve concave Northwesterly and having a radius of 905.37 feet; thence Northeasterly along and around the arc of said curve a distance of 674.72 feet to the Westerly line of said Official Records Volume 2895, page 886 and a point of cusp, said arc being subtended by a chord bearing North 70 degrees 27 minutes 09 seconds East and a chord distance of 659.22 feet; thence South 18 degrees 29 minutes 48 seconds East along said Westerly line, a distance of 107.28 feet to a point lying on a curve concave Northwesterly and having a radius of 1005.37 feet; thence from a tangent bearing South 51 degrees 25 minutes 59 seconds West, run Southwesterly along and around the arc of said curve a distance of 368.73 feet to a point of cusp, said arc being subtended by a chord bearing South 61 degrees 56 minutes 24 seconds West and a chord distance of 366.67 feet; thence South 82 degrees 28 minutes 23 seconds East a distance of 287.74 feet to a point of curvature of a curve concave Southwesterly and having a radius of 1133.14 feet; thence along and around the arc of said curve a distance of 117.83 feet to the Westerly line of said Official Records Volume 2695, page 886 said line bearing South 18 degrees 29 minutes 48 seconds East, said arc being subtended by a chord bearing of South 79 degrees 29 minutes 37 seconds East and a chord distance of 117.78 feet; thence South 18 degrees 29 minutes 48 seconds East along said Westerly line a distance of 112.15 feet to the Point of Beginning.

PARCEL #2:

A part of Lots 19 and 20, Subdivision of the Domingo Fernandez Grant, as shown on plat recorded in Plat Book 1, page 18, of the former public records of Duval County, Florida, being more particularly described as follows:

For a point of reference, commence at the Northeasterly corner of Section 38, Township 1 South, Range 27 East, said Duval County; thence North 71 degrees 45 minutes 48 seconds East along the Southerly line of Section 39, Township 1 South, Range 27 East, said Duval County, a distance of 231.0 feet to the Southeasterly corner of said Section 39; thence North 17 degrees 24 minutes 47 seconds West, along the Easterly line of said Section 39, a distance of 883.02 feet to the Point of Beginning; thence continue along said Easterly line North 17 degrees 24 minutes 47 seconds West a distance of 118.26 feet to a point lying on a curve concave Northwesterly and having a radius of 905.37 feet; thence from a tangent bearing of South 38 degrees 22 minutes 26 seconds West, run Southwesterly along and around the arc of said curve a distance of 169.53 feet to the Westerly line of those lands described in Official Records Volume 2695, page 886, said line bearing South 18 degrees 29 minutes 48 seconds East, said arc being subtended by a chord bearing South 43 degrees 44 minutes 18 seconds West and a chord distance of 169.29 feet; thence South 18 degrees 29 minutes 48 seconds East along said Westerly line, a distance of 107.26 feet to a point lying on a curve concave Northwesterly and having a radius of 1005.37 feet; thence from a tangent bearing of North 51 degrees 25 minutes 59 seconds East, run Northeasterly along and around the arc of said curve a distance of 162.60 feet to the Point of Beginning; said arc being subtended by a chord bearing North 46 degrees 47 minutes 59 seconds East and a chord distance of 162.43 feet.

PARCEL #3:

A part of Lots 19 and 20, Subdivision of the Domingo Fernandez Grant, as shown on plat recorded in Plat Book 1, page 18 of the former public records of Duval County, Florida, being more particularly described as follows:

For a point of reference, commence at the Northeasterly corner of Section 38, Township 1 South, Range 27 East, said Duval County; thence North 71 degrees 45 minutes 48 seconds East along the Southerly line of Section 39, Township 1 South, Range 27 East, said Duval County, a distance of 231.0 feet to the Southeasterly corner of said Section 39; thence North 17 degrees 24 minutes 47 seconds West along the Easterly line of said Section 39, a distance of 373.29 feet to the Northerly line of a 100 foot wide Railroad right of way as described in Official Records Volume 768, page 482 of the Current Public Records of said Duval County and the Point of Beginning; thence continue along said Easterly line North 17 degrees 24 minutes 47 seconds West a distance of 94.61 feet to a point lying on a curve concave Southwesterly and having a radius of 1133.14 feet; thence from a tangent bearing of North 67 degrees 43 minutes 59 seconds West, run Northwesterly along and around the arc of said curve a distance of 173.68 feet to a line bearing South 18 degrees 29 minutes 48 seconds East, said line being the Westerly line of the lands described in Official Records Volume 2695, page 886 of said Current Public Records, said arc being subtended by a chord bearing North 72 degrees 07 minutes 27 seconds West and a chord distance of 173.51 feet; thence South 18 degrees 29 minutes 48 seconds East along said line, a distance of 112.15 feet to the Northerly line of said lands described in Official Records Volume 768, page 482; thence South 76 degrees 44 minutes 54 seconds East along said Northerly line a distance of 162.18 feet to the Point of Beginning.

PARCEL #4:

A part of Lots 19 and 20, Subdivision of the Domingo Fernandez Grant, as shown on plat recorded in Plat Book 1, page 18, of the former public records of Duval County, Florida, being more particularly described as follows:

For a point of reference, commence at the Northeasterly corner of Section 38, Township 1 South, Range 27 East, said Duval County; thence North 71 degrees 45 minutes 48 seconds East along the Southerly line of Section 39, Township 1 South, Range 27 East, said Duval County, a distance of 231.0 feet to the Southeasterly corner of said Section 39; thence North 17 degrees 24 minutes 47 seconds West, along the Easterly line of said Section 39, a distance of 373.29 feet to the Northerly line of a 100 foot wide Railroad right of way as described in Official Records Volume 768, page 482, of the Current Public Records of said Duval County; thence North 76 degrees 44 minutes 54 seconds West along said Northerly line, a distance of 162.18 feet to the Westerly line of the lands described in Official Records Volume 2695, page 886, of said Current Public Records; thence North 18 degrees 29 minutes 48 seconds West along said Westerly line a distance of 112.15 feet to the Point of Beginning; thence continue along said Westerly line North 18 degrees 29 minutes 48 seconds West, a distance of 244.27 feet to a point of cusp of a curve concave Northwesterly having a radius of 1005.37 feet; thence from a tangent bearing of South 51 degrees 25 minutes 59 seconds West, run Southwesterly along and around the arc of said curve a distance of 368.73 feet to a point of cusp, said arc being subtended by a chord bearing South 61 degrees 56 minutes 24 seconds West and a chord distance of 366.67 feet; thence South 82 degrees 28 minutes 23 seconds East a distance of 287.74 feet to the point of curvature of a curve concave Southwesterly having a radius of 1133.14 feet; thence Southeasterly along and around the arc of said curve a distance of 117.83 feet to the Point of Beginning, said arc being subtended by a chord bearing South 79 degrees 29 minutes 37 seconds East and a chord distance of 117.79 feet.

PARCEL #5:

A part of Lots 19 and 20, Subdivision of the Domingo Fernandez Grant, as shown on plat recorded in Plat Book 1, page 18, of the former public records of Duval County, Florida, being more particularly described as follows:

For a point of reference, commence at the Northeasterly corner of Section 38, Township 1 South, Range 27 East, said Duval County; thence North 71 degrees 45 minutes 48 seconds East along the Southerly line of Section 39, Township 1 South, Range 27 East, said Duval County, a distance of 231.0 feet to the Southeasterly corner of said Section 39; thence North 17 degrees 24 minutes 47 seconds West, along the Easterly line of said Section 39, a distance of 467.90 feet to the Point of Beginning; thence continue along said Easterly line North 17 degrees 24 minutes 47 seconds West a distance of 415.12 feet to a point of cusp of a curve concave Northwesterly having a radius of 1005.37 feet; thence from a tangent bearing of South 42 degrees 09 minutes 59 seconds West, run Southwesterly along and around the arc of said curve a distance of 162.60 feet to the Westerly line of the lands described in Official Records Volume 2695, page 886, said arc being subtended by a chord bearing South 46 degrees 47 minutes 59 seconds West and a chord distance of 162.43 feet; thence South 18 degrees 29 minutes 48 seconds East along said Westerly line a distance of 244.27 feet to a point on a curve concave Southwesterly having a

radius of 1133.14 feet; thence from a tangent bearing of South 76 degrees 30 minutes 54 seconds East, run Southeasterly along and around the arc of said curve a distance of 173.68 feet to the Point of Beginning, said arc being subtended by a chord bearing South 72 degrees 07 minutes 27 seconds East and a chord distance of 173.15 feet.

PARCEL #6:

All of the John P. Brown Donation, Section 40, Township 1 South, Range 28 East, except part in deed to J. B. Mallard and Frank L. Thornton recorded in Deed Book 1677, page 375, and part in Pelotes Island Road in Deed Book 1710, page 286.

PARCEL #7:

All the John F. Christopher Grant, Section 41, Township 1 South, Range 28 East, and Section 43, Township 1 South, Range 27 East, except part in Deed to City of Jacksonville in Official Records Volume 2095, page 361, and in Order of Taking in favor of Jacksonville Port Authority in Official Records Volume 2725, page 911.

PARCEL #8:

Lots 3, 4, 5 and 6, Section 6, Township 1 South, Range 28 East, except part in Pelote's Island Road as described in Deed Book 1710, page 286.

PARCEL #9:

East 1/2 of the Northeast 1/4 and the Northeast 1/4 of Southeast 1/4 of Section 1, Township 1 South, Range 27 East.

PARCEL #10:

Lots 1 and 2, Section 12, Township 1 South, Range 27 East, except part in Pelote's Island Road as described in Deed Book 1710, page 286.

PARCEL #11:

Lots 5 and 6, Section 12, Township 1 South, Range 27 East, except parts in Deed to City of Jacksonville in Official Records Volume 2388, page 157, (conveyed to Jacksonville Electric Authority in Official Records Volume 3247, page 1197), in deed to City of Jacksonville in official Records Volume 2581, page 78, in Order of Taking in favor of Jacksonville Port Authority in Official Records Volume 2725, page 911, and in Deed to Jacksonville Port Authority in Official Records Volume 2748, page 340.

PARCEL #12:

Lots 1 and 2, Section 13, Township 1 South, Range 27 East, except parts in deed to City of Jacksonville in Official Records Volume 2095, page 361, in Deed to City of Jacksonville in Official Records Volume 2388, page 157, in (conveyed to Jacksonville Electric Authority in

Official Records Volume 3247, page 1197) and in Deed to Jacksonville Port Authority in Official Record! Volume 2748, page 340.

PARCEL #13:

All of the John F. Christopher Grant, Section 42, Township 1 South, Range 28 East, as said Section 42 appears upon the township plat executed by Henry Washington in 1834, being more particularly described as being triangular in shape and being bounded on the Northeast and Southeast side by the meander line of unsurveyed Section 18, and being bounded on the West by the Range line dividing Ranges 27 and 28.

PARCEL #14:

Fractional Part in Northwest 1/4 of Section 7, Township 1 South, Range 28 East, except part in Pelote's Island Road as described in Deed Book 1710, page 286.

PARCEL #15:

Lots 1 to 7, inclusive, Section 7, Township 1 South, Range 28 East.

PARCEL #16:

All of Section 18, Township 1 South, Range 28 East, Duval County, Florida, according to plat of that part of said Township lying North of the St. Johns River, approved by Fred C. Elliott, Chief Drainage Engineer for the State of Florida in May, 1945, and on file in the Office of the Commissioner of Agriculture of the State of Florida, EXCEPTING THEREFROM, however (a) that portion of said section that lies East of the Westerly line of Lot 6, Block 4, San Carlos Estates, Plat Book 18, pages 44, 44A and 44B of the current public records of Duval County, Florida, extended Northerly to the waters of Brown's Creek and lying South and West of said creek; (b) that portion of said Section lying East of Brown's Creek; (c) those portions of said section lying south of the Northerly boundary line of Blocks 4, 5, 6 and 7 of said San Carlos Estates and South of the Northerly boundary line of the lands shown as Exceptions V, VI, VII, and VIII on the aforesaid plat of San Carlos Estates; (d) that portion of said section conveyed to the City of Jacksonville in deed recorded in Official Records Volume 2443, page 212; (e) those portions or said section conveyed to the Jacksonville Port Authority in deeds recorded in Official Records Volume 2746, page 337 and Volume 2748, page 340; and (f) Island No. 7 and Island No. 8.

PARCEL #17:

All that portion of unsurveyed Section 13, Township 1 South, Range 27 East, more particularly described as being triangular in shape and being bounded on the Northwest and Southwest sides by the meander line of the John F. Christopher Grant, Section 43, and being bounded on the East by the range line dividing Ranges 27 and 28 East.

PARCEL #18:

A portion of Section 12, Township 1 South, Range 27 East, Duval County, Florida, and being more particularly described as follows:

Commence at the Northwest corner of said Section 12, Township 1 South, Range 27 East; thence North 89 degrees 40 minutes 03 seconds East along the Northerly line of said Section 12, a distance of 1,372.83 feet; thence South 00 degrees 03 minutes 31 seconds East, a distance of 30.0 feet to the point of intersection of the southerly right of way line of Island Drive (a 60 foot right of way) with the Easterly right of way line of New Berlin Road (a 60 foot right of way); thence continue South 00 degrees 03 minutes 31 seconds East, along said Easterly right of way line, a distance of 1,512.83 feet to the beginning of a curve concave to the Northwest having a radius of 2,896.60 feet; thence along and around the arc of said curve a distance of 110.01 feet to the Point of Beginning, said arc being subtended by a chord bearing and distance of South 01 degrees 01 minutes 36 seconds West, 110.0 feet; thence South 63 degrees 22 minutes 08 seconds East, a distance of 495.52 feet to a point on a curve concave Southeasterly having a radius of 1,165.37 feet; thence along and around the arc of said curve a distance of 1,446.44 feet to the end of said curve, said arc being subtended by a chord bearing and distance of North 39 degrees 47 minutes 20 seconds East, 1,355.37 feet; thence North 75 degrees 20 minutes 47 seconds East, a distance of 59.22 feet to the Westerly line of Government Lot 2, said Section 12; thence South 01 degrees 05 minutes 35 seconds East, along said Westerly line a distance of 1,821.47 feet to the Southerly line of Government Lot 4; thence South 89 degrees 45 minutes 25 seconds West along said Southerly line, a distance of 1,052.04 feet to the Easterly right of way line of a 150.0 foot right of way owned by the Jacksonville Electric Authority; thence North 18 degrees 48 minutes 31 seconds West, along said right of way line distance of 307.36 feet to an angle point in said right of way line; thence North 47 degrees 23 minutes 37 seconds West, along said right of way line a distance of 310.05 feet; thence North 15 degrees 38 minutes 20 seconds West, a distance of 189.74 feet to the Easterly right of way line of said New Berlin Road, said right of way line being a curve concave to the Northwest having a radius of 2,896.60 feet; thence along and around the arc of said curve a distance of 309.63 feet to the Point of Beginning, said arc being subtended by a chord bearing and distance of North 05 degrees 13 minutes 06 seconds East, 309.48 feet.

<i>(dollars in millions-total system)</i>	Nominal Total	35-yr CPVRR	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032-2052
Discount Factor			0.96	0.90	0.83	0.77	0.72	0.67	0.62	0.58	0.54	0.50	0.46	0.43	0.40	0.37	na
Base Rates: Incremental Revenue Requirement⁽¹⁾																	
Operations and Maintenance ⁽²⁾	\$(591.8)	\$ (186.6)	\$(12.3)	\$(12.3)	\$(12.3)	\$(12.5)	\$(12.8)	\$(13.0)	\$(13.3)	\$(13.8)	\$(14.0)	\$(14.1)	\$(14.4)	\$(14.7)	\$(15.0)	\$(15.3)	\$ (402.3)
Property Tax	(92.7)	(26.9)	-	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(2.0)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)	(2.4)	(66.7)
System Impact ⁽³⁾	677.1	120.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	677.1
Depreciation and Amortization ⁽⁴⁾	(119.8)	(18.6)	(7.8)	(7.8)	(7.9)	6.9	6.8	6.8	6.7	6.5	6.4	6.2	6.0	5.8	5.6	(9.4)	(150.6)
Interest Expense ⁽⁵⁾	(30.4)	(6.8)	(0.1)	0.4	0.8	0.1	0.1	(0.0)	(0.2)	(0.3)	(0.6)	(0.7)	(1.0)	(1.2)	(1.4)	(1.5)	(24.9)
Return on Equity ⁽⁶⁾	(91.6)	(20.3)	(0.2)	1.2	2.3	0.4	0.2	(0.1)	(0.5)	(1.0)	(1.7)	(2.2)	(3.0)	(3.5)	(4.1)	(4.4)	(75.1)
Income Tax ⁽⁷⁾	(57.5)	(12.8)	(0.2)	0.8	1.5	0.3	0.2	(0.1)	(0.3)	(0.7)	(1.0)	(1.4)	(1.9)	(2.2)	(2.6)	(2.8)	(47.2)
Base Revenue Requirement	(306.8)	(151.2)	(20.6)	(19.5)	(17.4)	(6.6)	(7.3)	(8.3)	(9.3)	(11.2)	(12.9)	(14.4)	(16.4)	(18.1)	(19.6)	(35.6)	(89.8)
Clause: Incremental Revenue Requirement⁽¹⁾																	
PPA Payments, Operations and Maintenance ⁽⁸⁾	(105.7)	(93.8)	(53.4)	(44.8)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(6.1)
Property Tax	(9.6)	(8.4)	(2.7)	(2.5)	(2.4)	(1.9)	-	-	-	-	-	-	-	-	-	-	-
System Impact ⁽⁹⁾	(142.3)	29.9	13.5	10.0	0.5	0.1	(0.9)	(0.7)	(2.1)	8.8	9.9	21.0	9.1	9.0	18.5	7.6	(246.5)
Depreciation and Amortization ⁽¹⁰⁾	58.7	53.4	17.2	8.1	9.5	12.7	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	(1.2)	(16.5)
Interest Expense ⁽⁵⁾	(15.0)	(2.2)	1.3	0.6	0.4	0.1	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)	(0.5)	(0.5)	(0.6)	(0.7)	(0.7)	(13.3)
Return on Equity ⁽⁶⁾	(45.1)	(6.6)	3.9	1.9	1.2	0.4	(0.2)	(0.4)	(0.7)	(0.9)	(1.1)	(1.4)	(1.6)	(1.8)	(2.1)	(2.2)	(39.9)
Income Tax ⁽⁷⁾	(28.3)	(4.2)	2.5	1.2	0.7	0.2	(0.1)	(0.3)	(0.4)	(0.6)	(0.7)	(0.9)	(1.0)	(1.2)	(1.3)	(1.4)	(25.1)
Clause Revenue Requirement	(287.2)	(31.9)	(17.6)	(25.6)	9.7	11.3	1.7	1.5	(0.4)	10.0	10.7	21.3	8.9	8.4	17.4	2.0	(346.6)
Net Customer Costs / (Savings)⁽¹¹⁾	\$(594.0)	\$ (183.0)	\$(38.2)	\$(45.1)	\$ (7.7)	\$ 4.8	\$(5.5)	\$(6.8)	\$(9.7)	\$(1.2)	\$(2.2)	\$ 6.9	\$(7.5)	\$(9.7)	\$(2.2)	\$(33.6)	\$(436.3)

- 1) Incremental Revenue Requirement represents the difference between the Revenue Requirement with and without the Transaction.
- 2) Represents the O&M savings associated with FPL's 20% Equity portion of SJRPP that are recovered through base rates.
- 3) Base system impact reflects Fixed O&M and Capital Costs associated with additional generation in 2033.
- 4) Incremental Base D&A represents the amortization of the base regulatory assets less the avoided status quo depreciation of existing and future capital. It also includes the net impact to dismantlement accrual.
- 5) Interest expense assumes 5.2% cost of debt and 40.4% debt to investor capital ratio.
- 6) Return on Equity assumes 10.55% cost of equity and 59.6% equity to investor capital ratio.
- 7) Income tax assumes blended state and federal tax rate of 38.575%.
- 8) Includes payments to JEA for debt service, CCRA, O&M, and Transmission Costs associated with the PPA. Also includes O&M savings associated with FPL's 20% Equity portion that are recovered through ECR Clause.
- 9) Clause system impacts include incremental effects on fuel, emissions, variable O&M, short-term PPAs, and gas transportation.
- 10) Incremental Clause D&A represents the amortization of the clause regulatory assets less the avoided status quo depreciation of existing and future clause capital. It also includes the net impact to suspension liability, deferred interest and dismantlement accrual.
- 11) Net Customer Costs / (Savings) reflect the sum of base and clause net revenue requirement.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20170123-EI EXHIBIT: 3
PARTY: FLORIDA POWER & LIGHT COMPANY – (DIRECT)
DESCRIPTION: Scott Bores SRB-1

**Florida Power and Light Company
SJRP Transaction
Proposed Journal Entries -- Recording Initial Transactions**

Line No.	Entry	Description	FERC Account	Amount (\$ Millions)
1	1	Regulatory Asset - SJRPP Transaction Shutdown Payment	182.3	\$ 90.4
2		Provision for Deferred Income Taxes	410.1	36.0
3		Taxes Accrued (Income Taxes)	236	36.0
4		Cash	131	\$ 51.6
5		Miscellaneous Deferred Debits - SJRPP Renewal & Replacement Fund	186	33.7
6		Materials & Supplies Inventory ⁽¹⁾	154	5.1
7		Accumulated Deferred Income Taxes - Other	283	36.0
8		Income Taxes, Utility Operating Income	409.1	36.0
9				
10		<i>To record termination and payment to JEA of the SJRPP Article 8 PPA upon shutdown.</i>		
11				
12	2	Accumulated Provision for Depreciation ⁽²⁾	108	\$ 393.4
13		Provision for Deferred Income Taxes	410.1	8.7
14		Taxes Accrued (Income Taxes)	236	8.7
15		Electric Plant in Service	101	\$ 393.4
16		Accumulated Deferred Income Taxes - Other Property	282	8.7
17		Income Taxes, Utility Operating Income	409.1	8.7
18				
19		<i>To record the retirement of unrecovered assets at shutdown which will be dismantled in 2018.</i>		
20				
21	3	Fuel Expense	501	1.3
22		Fuel Inventory	151	1.3
23				
24		<i>To record estimated fuel inventory to be transferred to JEA upon shutdown in 2018. This amount will be recovered through FPL's Fuel Clause. ⁽³⁾</i>		
25				
26	4	Asset Transfer Regulatory Asset ⁽⁴⁾	182.2	\$ 3.0
27		Accumulated Provision for Depreciation	108	2.4
28		Income Taxes, Utility Operating Income	409.1	0.6
29		Accumulated Deferred Income Taxes - Other Property	282	0.6
30		Electric Plant in Service	101	\$ 5.4
31		Taxes Accrued (Income Taxes)	236	0.6
32		Provision for Deferred Income Taxes	411.1	0.6
33				
34		<i>To record the loss associated with the assets that will be transferred to JEA once dismantlement and remediation are completed.</i>		
35				
36	5	Early Retirement Regulatory Asset ⁽⁵⁾	182.2	\$ 186.8
37		Provision for Deferred Income Taxes	410.1	72.0
38		Accumulated Deferred Income Taxes - Other Property	282	72.0
39		Accumulated Provision for Depreciation	108	\$ 186.8
40		Accumulated Deferred Income Taxes - Other	283	72.0
41		Provision for Deferred Income Taxes	411.1	72.0
42				
43		<i>To record the establishment of a regulatory assets for the unrecovered investment of retired assets.</i>		
44				
45				

Notes:

- (1) Amount is subject to change at shutdown since balance reflected is as of March 31, 2017.
- (2) Remaining unrecovered net book value is \$187MM of which \$143MM relates to base rates and \$44MM relates to ECRC. Refer to Exhibit KF-2 for details.
- (3) This entry does not reflect the effect on income taxes as those will be captured in the normal course of business.
- (4) Represents remaining unrecovered net book value of assets transferred to JEA. See Exhibit KF-2, Page 2 for details. FPL proposes recovery through base rates over a ten year period commencing when FPL's base rates are next reset (expected 1/1/2021).
- (5) Reflects the net book value associated with the retired assets that will be dismantled of \$187MM. FPL proposes recovery of \$143MM through base rates and \$44MM through ECRC over a ten year period commencing when FPL's base rates are next reset (expected 1/1/2021).

Florida Power and Light Company
SJRPP Transaction
Proposed Journal Entries -- Amortization of Regulatory Assets and Liabilities

Line No.	Entry	Description	FERC Account	Amount (\$ Millions)
1		Regulatory Asset - SJRPP Transaction Shutdown Payment ⁽¹⁾	182.3	\$ 90.4
2		Amortization period of 46 months (1/2018 through 10/2021)		46
3		Monthly Amortization to be Collected through FPL's Capacity Clause		\$ 2.0
4				
5		Annual Amortization to be Collected through FPL's Capacity Clause		\$ 23.6
6				
7		<u>Other Balance Sheet items related to the SJRPP Article 8 PPA</u>		
8				
9		Other regulatory liability - SJRPP Suspension Liability ⁽²⁾	254	\$ (9.9)
10		Other regulatory liability - SJRPP Deferred Interest ⁽³⁾	254	(12.4)
11		Other regulatory liability - SJRPP Article 8 PPA Dismantlement Accrual ⁽³⁾	254	(39.9)
12		Net liabilities to be refunded to customers		\$ (62.2)
13				
14		Amortization period of 46 months (1/2018 through 10/2021)		46
15		Monthly Amortization to be Refunded through FPL's Capacity Clause		\$ (1.4)
16				
17		Annual Amortization to be Refunded through FPL's Capacity Clause		\$ (16.2)
18				
19		Net Annual Amortization to be Recovered (collected) Through FPL's Capacity Clause		\$ 7.4
20				
21				
22		<u>Annual Amortization</u>		
23				
24		Other Expenses - Amortization SJRPP Transaction Shutdown Payment	557	\$ 23.6
25		Other deferred credit - Amortization SJRPP Suspension Liability ⁽²⁾	254	2.6
26		Other deferred credit - Amortization SJRPP Deferred Interest ⁽³⁾	254	3.2
27		Other deferred credit - Amortization SJRPP Article 8 PPA Dismantlement Accrual ⁽³⁾	254	10.4
28		Purchased Power Expense	555	\$ 16.2
29		Regulatory Asset - SJRPP Transaction Shutdown Payment	182.3	23.6
30				
31		<i>To record annual amortization of the regulatory asset and regulatory liabilities related to the SJRPP transaction upon shutdown.</i>		
32				
33		Amortization of property losses, unrecovered plant and regulatory study costs - Asset Transfer Regulatory Asset	407	\$ 0.3
34		Amortization of property losses, unrecovered plant and regulatory study costs - Early Retirement Regulatory Asset	407	18.7
35		Asset Transfer Regulatory Asset	182.2	\$ 0.3
36		Early Retirement Regulatory Asset	182.2	18.7
37				
38		<i>To record annual amortization of the regulatory assets related to the asset transfer and early retirement of assets associated with the SJRPP Transaction. This amortization will not start until January 2021 and will span 10 years.</i>		
39				
40		<u>Notes:</u>		
41		⁽¹⁾ Return on the unamortized balance will be recovered through the CCR Clause.		
42		⁽²⁾ Return on the unamortized suspension liability will remain in the CCR Clause until fully returned to customers.		
43		⁽³⁾ Unamortized deferred interest liability and dismantlement reserve associated with the Article 8 PPA will remain in rate base until fully returned to customers.		

Florida Power & Light Company
CAPITAL RECOVERY SCHEDULE
ST. JOHNS RIVER POWER PARK (SJRP) - RETIRED ASSETS - BASE

	(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Original Cost	- Book Reserve	+ Estimated Cost of Removal	= Total Unrecovered Cost	+ Amortization Period	= Annual Accrual Amounts
1	CAPITAL RECOVERY ACCOUNTS - BASE					
2						
3	Steam Plant Retirements					
4	SJRPP - Coal & Limestone					
5	311 Structures & Improvements	\$ 3,591,897	\$ 1,903,851	-	\$ 1,688,046	10 \$ 168,805
6	312 Boiler Plant Equipment	31,289,691	15,689,014	-	15,600,677	10 1,560,068
7	315 Accessory Electric Equipment	3,804,504	2,239,348	-	1,565,156	10 156,516
8	316 Miscellaneous Equipment	302,789	169,321	-	133,468	10 13,347
9	SJRPP - Coal & Limestone	\$ 38,988,882	\$ 20,001,534	-	\$ 18,987,347	\$ 1,898,735
10						
11	SJRPP - Coal Cars					
12	312 Boiler Plant Equipment	\$ 52,105	\$ 52,105	-	\$ -	10 \$ -
13						
14	SJRPP - Common					
15	303 Misc. Intangible Plant	\$ 1,727	\$ 1,727	-	\$ -	10 \$ -
16	311 Structures & Improvements	30,773,277	21,274,606	-	9,498,671	10 949,867
17	312 Boiler Plant Equipment	3,657,239	2,607,302	-	1,049,936	10 104,994
18	314 Turbogenerator units	2,465,069	1,733,302	-	731,767	10 73,177
19	315 Accessory Electric Equipment	5,757,074	4,117,094	-	1,639,980	10 163,998
20	316 Miscellaneous Equipment	1,952,242	1,246,434	-	705,807	10 70,581
21	SJRPP - Common	\$ 44,606,628	\$ 30,980,465	-	\$ 13,626,163	\$ 1,362,616
22						
23	SJRPP - Gypsum & Ash					
24	311 Structures & Improvements	\$ 2,188,796	\$ 1,153,593	-	\$ 1,035,203	10 \$ 103,520
25	312 Boiler Plant Equipment	16,911,266	8,930,403	-	7,980,863	10 798,086
26	315 Accessory Electric Equipment	53,007	32,950	-	20,056	10 2,006
27	316 Miscellaneous Equipment	156,175	68,902	-	87,273	10 8,727
28	SJRPP - Gypsum & Ash	\$ 19,309,244	\$ 10,185,849	-	\$ 9,123,395	\$ 912,339
29						
30	SJRPP Unit 1					
31	311 Structures & Improvements	\$ 8,930,710	\$ 6,625,006	-	\$ 2,305,704	10 \$ 230,570
32	312 Boiler Plant Equipment	68,054,741	43,605,929	-	24,448,811	10 2,444,881
33	314 Turbogenerator units	31,064,208	16,006,080	-	15,058,128	10 1,505,813
34	315 Accessory Electric Equipment	11,863,375	8,158,212	-	3,705,163	10 370,516
35	316 Miscellaneous Equipment	2,002,514	1,427,584	-	574,929	10 57,493
36	SJRPP Unit 1	\$ 121,915,548	\$ 75,822,812	-	\$ 46,092,736	\$ 4,609,274
37						
38	SJRPP Unit 2					
39	311 Structures & Improvements	\$ 7,235,669	\$ 4,254,905	-	\$ 2,980,764	10 \$ 298,076
40	312 Boiler Plant Equipment	62,544,654	33,805,396	-	28,739,258	10 2,873,926
41	314 Turbogenerator units	28,737,070	11,517,239	-	17,219,831	10 1,721,983
42	315 Accessory Electric Equipment	9,769,260	5,523,443	-	4,245,817	10 424,582
43	316 Miscellaneous Equipment	1,576,872	907,679	-	669,193	10 66,919
44	SJRPP Unit 2	\$ 109,863,525	\$ 56,008,661	-	\$ 53,854,864	\$ 5,385,486
45						
46	Transmission Plant Retirements					
47	Substation Equipment					
48	353 Station Equipment	\$ 3,230,986	\$ 1,759,831	-	\$ 1,471,155	10 \$ 147,116
49	Substation Equipment	\$ 3,230,986	\$ 1,759,831	-	\$ 1,471,155	\$ 147,116
50						
51						
52	TOTAL CAPITAL RECOVERY ACCOUNTS - BASE	\$ 337,966,917	\$ 194,811,257	-	\$ 143,155,659	\$ 14,315,566

Florida Power & Light Company
CAPITAL RECOVERY SCHEDULE
ST. JOHNS RIVER POWER PARK (SJRPP) - RETIRED ASSETS - Clause

Line No.	(1)	(2)	(3)	(4)	(5)	(6)
	Original Cost	- Book Reserve	+ Estimated Cost of Removal	= Total Unrecovered Cost	+ Amortization Period	= Annual Accrual Amounts
1						
2	CAPITAL RECOVERY ACCOUNTS - CLAUSE					
3						
4	<u>ECRC - Project 3 - CONTINUOUS EMISSION MONITORING SYSTEM</u>					
5	SJRPP - Common					
6	\$ 43,193	\$ 26,597	-	\$ 16,596	10	\$ 1,660
7	SJRPP Unit 1					
8	780	(2,913)	-	3,693	10	369
9	SJRPP Unit 2					
10	780	(3,413)	-	4,192	10	419
11	<u>\$ 44,752</u>	<u>\$ 20,271</u>	<u>-</u>	<u>\$ 24,481</u>		<u>\$ 2,448</u>
12	<u>ECRC - Project 3 - CONTINUOUS EMISSION MONITORING SYSTEM</u>					
13	<u>ECRC - Project 5 - MAINTENANCE OF ABOVE GROUND FUEL TANKS</u>					
14	SJRPP - Common					
15	\$ 42,091	\$ 21,057	-	\$ 21,034	10	\$ 2,103
16	2,292	797	-	1,495	10	149
17	<u>\$ 44,384</u>	<u>\$ 21,854</u>	<u>-</u>	<u>\$ 22,529</u>		<u>\$ 2,253</u>
18	<u>ECRC - Project 5 - MAINTENANCE OF ABOVE GROUND FUEL TANKS</u>					
19	<u>ECRC - Project 31 - CLEAN AIR INTERSTATE RULE-CAIR</u>					
20	SJRPP Unit 1					
21	\$ 27,745,862	\$ 5,824,763	-	\$ 21,921,099	10	\$ 2,192,110
22	446,692	39,867	-	406,824	10	40,682
23	9,138	1,374	-	7,764	10	776
24	<u>\$ 28,201,692</u>	<u>\$ 5,866,004</u>	<u>-</u>	<u>\$ 22,335,687</u>		<u>\$ 2,233,569</u>
25	SJRPP Unit 2					
26	\$ 26,534,954	\$ 5,797,936	-	\$ 20,737,017	10	\$ 2,073,702
27	426,220	67,872	-	358,348	10	35,835
28	9,591	1,485	-	8,107	10	811
29	<u>\$ 26,970,765</u>	<u>\$ 5,867,293</u>	<u>-</u>	<u>\$ 21,103,472</u>		<u>\$ 2,110,347</u>
30	<u>\$ 55,172,456</u>	<u>\$ 11,733,297</u>	<u>-</u>	<u>\$ 43,439,159</u>		<u>\$ 4,343,916</u>
31	<u>ECRC - Project 31 - CLEAN AIR INTERSTATE RULE-CAIR</u>					
32	<u>ECRC - Project 33 - CLEAN AIR MERCURY RULE-CAMR</u>					
33	SJRPP Unit 1					
34	\$ 70,087	\$ 3,567	-	\$ 66,520	10	\$ 6,652
35	SJRPP Unit 1					
36	18,075	528	-	17,547	10	1,755
37	<u>\$ 88,162</u>	<u>\$ 4,095</u>	<u>-</u>	<u>\$ 84,067</u>		<u>\$ 8,407</u>
38	<u>ECRC - Project 33 - CLEAN AIR MERCURY RULE-CAMR</u>					
39	<u>ECRC - Project 54 - COAL COMBUSTION RESIDUALS DISPOSAL PROJECT</u>					
40	SJRPP - Common					
41	\$ 54,373	\$ 903	-	\$ 53,470	10	\$ 5,347
42	311 Structures & Improvements					
43	<u>\$ 55,404,128</u>	<u>\$ 11,780,421</u>	<u>-</u>	<u>\$ 43,623,707</u>		<u>\$ 4,362,371</u>
44	TOTAL CAPITAL RECOVERY ACCOUNTS - CLAUSE					
45	<u>\$ 393,371,044</u>	<u>\$ 206,591,678</u>	<u>-</u>	<u>\$ 186,779,366</u>		<u>\$ 18,677,937</u>
46	CAPITAL RECOVERY ACCOUNTS - TOTAL					

Florida Power & Light Company
CAPITAL RECOVERY SCHEDULE
ST. JOHNS RIVER POWER PARK (SJRPP) - ASSETS ASSIGNED TO JEA

	(1)	(2)	(3)	(4)	(5)	(6)	
Line No.	Original Cost	- Book Reserve	+ Estimated Cost of Removal	= Total Unrecovered Cost	+ Amortization Period	= Annual Accrual Amounts	
1	CAPITAL RECOVERY ACCOUNTS - BASE						
2							
3	Steam Plant Assets						
4	SJRPP - Coal & Limestone						
5	310 Land and Land Rights	\$ 104,435	\$ -	-	\$ 104,435	10	\$ 10,443
6							
7	SJRPP - Common						
8	310 Land and Land Rights	\$ 1,228,407	\$ -	-	\$ 1,228,407	10	\$ 122,841
9	311 Structures & Improvements	1,957,389	1,366,952	-	590,437	10	59,044
10		\$ 3,185,796	\$ 1,366,952	-	\$ 1,818,844		\$ 181,884
11	Transmission Plant Assets						
12	Substation Equipment						
13	352 Structures & Improvements	\$ 171,618	\$ 91,933	-	\$ 79,685	10	\$ 7,968
14	353 Station Equipment	1,959,113	950,344	-	1,008,769	10	100,877
15	397 Communication equipment	10,657	9,815	-	841	10	84
16		\$ 2,141,387	\$ 1,052,092	-	\$ 1,089,295		\$ 108,930
17							
18	TOTAL CAPITAL RECOVERY ACCOUNTS - BASE ⁽¹⁾	\$ 5,431,618	\$ 2,419,044	-	\$ 3,012,574		\$ 301,257

Note:

⁽¹⁾ These total represents total unrecovered assets that will be assigned to JEA as part of the SJRPP Transaction upon completion of the dismantlement and remediation activities

Resumé
of
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Professional Experience:

March, 2005 to Present

Office of Public Counsel – Chief Legislative Analyst

In my current position, I perform financial and accounting analysis and reviews, and provide testimony, as required, involving utility filings before the Florida Public Service Commission on behalf of the Citizens of the State of Florida.

1981 to February, 2005 - Florida Public Service Commission

2000 to February, 2005

Public Utilities Supervisor – File and Suspend Rate Case Section, Bureau of Rate Filings, Division of Economic Regulation

In this capacity I supervised 5 to 8 regulatory professionals. This section performed financial, accounting, engineering and rate review and evaluation of rate proceedings for large water and wastewater utilities, as well as electric and gas utilities regulated by the Commission. The types of cases included file and suspend rate cases, limited proceedings, overearning investigations, annual report reviews, service availability and tariff filings, rulemaking, and customer complaints. The section reviewed utility filings, requested and reviewed Commission staff audits, and generated and analyzed discovery requests. I coordinated and prepared staff recommendations to the Commission for agenda conferences. I reviewed the analyses and written documentation of all analysts in this section for proper regulatory theory, grammar and accuracy. I also made presentations to customer groups at Commission staff customer meetings for the rate proceedings to which I was assigned. We presented recommendations at agenda conferences, providing responses to comments and questions by other parties and Commissioners. I also prepared and presented testimony, and assisted in the preparation of cross-examination questions for depositions and formal hearings. Additionally, I provided training in regulatory theory for new staff and provided training on regulatory and accounting issues for other analysts at the Commission.

1989 – 2000

Regulatory Analyst Supervisor, Accounting Section, Bureau of Economic Regulation, Division of Water and Wastewater

I supervised 5-7 regulatory accounting analysts. This section performed the same job activities as above specifically for the larger Commission regulated Class A and B water and wastewater companies.

1983 – 1989

Regulatory Analyst – Accounting Bureau, Division of Water and Wastewater

As an accounting analyst, I performed the same job activities as described above for water and wastewater companies in a non-supervisory role.

1981 – 1983

Public Utilities Auditor, Division of Auditing and Financial Analysis

As an auditor in the Tallahassee district of the Commission, I performed financial and accounting audits of electric, gas, telephone, water and wastewater utilities under the Commission's jurisdiction.

Education and Professional Licenses

1981 Bachelor of Science with a major in accounting from Florida State University

1983 Received a Certified Public Accountant license in Florida

List of Cases in which Testimony was Submitted

Dockets Before the Florida Public Service Commission:

Docket No. 150071-SU -- Application for increase in wastewater rates in Monroe County by KW Resort. (filed testimony and testified at hearing)

Docket 090368 -- Review of the continuing need and costs associated with Tampa Electric Company's 5 Combustion Turbines and Big Bend Rail Facility. (filed testimony; case settled prior to hearing)

080366-GU Petition for rate increase by Florida Public Utilities Company. (filed testimony; case settled prior to hearing)

070304-EI - Petition for rate increase by Florida Public Utilities Company; and
070300-EI - Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant

to Rule 25-6.0342, F.A.C., submitted by Florida Public Utilities Company. (testified at hearing)

070052-EI - Petition by Progress Energy Florida, Inc. to recover costs of Crystal River Unit 3 Uprate through fuel clause. (testified at hearing)

060162-EI – Petition by Progress Energy Florida, Inc. to recover modular cooling tower costs through the Environmental Cost recovery clause. (filed testimony, stipulated into record)

050958-EI – Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause by Tampa Electric Company. (testified at hearing)

060658-EI - Petition on Behalf of Citizens of the State of Florida to require Progress Energy Florida, Inc. to Refund Customers \$143 million. (filed testimony stipulated into record)

060362-EI - Petition to Recover Natural Gas Storage Project Costs through Fuel Cost Recovery Clause, by Florida Power & Light Company. (testified at hearing)

050045-EI - Petition for Rate Increase by Florida Power & Light Company. (filed testimony, deposed, case settled prior to hearing)

991643-SU - Application for Increase in Wastewater Rates in Seven Springs System in Pasco County by Aloha Utilities, Inc. (testified at hearing)

971663-WS - Application of Florida Cities Water Company, Inc. for a limited proceeding to recover environmental litigation costs. (all testimony and exhibits stipulated into record without hearing)

940847-WS - Application of Ortega Utility Company for increased water and wastewater rates. (testified at hearing)

911082-WS - Water and Wastewater Rule Revisions to Chapter 25-30, Florida Administrative Code. (testified at hearing)

881030-WU - Investigation of Sunshine Utilities of Central Florida rates for possible over earnings. (testified at hearing)

850151-WS - Application of Marco Island Utilities, Inc. for increased water and wastewater rates. (testified at hearing)

850031-WS - Application of Orange/Osceola Utilities, Inc. for increased water and wastewater rates in Osceola County (testified at hearing)

840047-WS - Application of Poinciana Utilities, Inc. for increased water and wastewater rates (testified at hearing)

Cases before the Division of Administrative Hearings:

97-2485RU - Aloha Utilities, Inc., and Florida Waterworks Association, Inc., Petitioners, vs. Public Service Commission, Respondents, and Citizens of the State of Florida, Office of Public Counsel, Intervenors (deposed and testified at hearing)

7

FPL's Responses to Staff's First Set of Interrogatories Nos. 3, 4, 6-9, 11-13, 17, and 19-42

Additional files contained on Staff Hearing Exhibits CD for Nos. 3, 6, 11, 12, 13, 17, 20, 21, 23, 35, 36, 37, and 41

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20170123-EI EXHIBIT: 7
PARTY: STAFF – (DIRECT)
DESCRIPTION: Scott Bores (3, 6, 12, 20-27, 30-36, 41, 42)Keith Ferguson (11, 13, 17, 38, 39)Sam Forrest (4, 7-9...

QUESTION:

Please provide a list a of capital projects that FPL would be obligated to if the SJRPP is not retired until 2052. Please include known costs and timing for projects (estimated or actual).

RESPONSE:

See Attachment No. 1 providing FPL's 20% share of the SJRPP capital expenditures from 2018-2052. The capital expenditures from 2018-2021 are based on the latest operating plan provided by SJRPP. For periods beyond 2021, capital expenditures are expected to grow at 2% annual inflation off the 2021 base amount.

QUESTION:

Please refer to paragraph 8 of the petition. What obligations does FPL have to JEA if JEA fails to shutdown SJRPP by January 5, 2018? Please list the obligations and estimated cost.

RESPONSE:

As indicated in paragraph 8 of FPL's petition, the shutdown of SJRPP will take place as early as January 5, 2018; it will not take place before that date. The Asset Transfer and Contract Termination Agreement ("ATA"), identified as Exhibit SF-1 to the direct testimony of FPL Witness Sam Forrest, reflects the agreement of FPL and JEA that January 5, 2018 is the earliest date that the shutdown may occur.

There are 3 potential scenarios in which SJRPP might not be shut down on or about January 5, 2018. The first potential scenario could occur if all of the conditions to shutdown have not been met by January 5, 2018. If this were to occur, FPL would comply with its obligations under the JOA and would work in good faith with JEA to achieve shutdown in the most expedient manner possible. The second potential scenario could occur if a catastrophic event at another JEA generating facility required JEA to keep SJRPP operating until such other facilities are repaired. If this were to occur, FPL would seek to maintain to the greatest degree possible the benefits of the current proposal by either transferring its share of the SJRPP facility to JEA (understanding that additional regulatory proceedings or modification of the pending request could be required) or selling the energy and capacity from FPL's share of the SJRPP facility to JEA, until such time as JEA's other facilities were fully operational. The third potential scenario would be a breach of the ATA which would require the parties to seek resolution through the legal means provided for in the contract and under the law.

Because the potential scenarios described in this response are based upon any number of unexpected, unknown and unforeseeable variables, FPL cannot provide any reasonable or fact based list of obligations or estimated costs.

QUESTION:

Please provide the estimated nominal bill impacts on the residential customers (1,000kWh/hour and 1,200 kWh/hour per monthly usage) the SJRPP Transaction will have for the period of 2018 through 2052?

RESPONSE:

Please see Attachment No. 1 for a file reflecting the estimated nominal bill impact of the SJRPP Transaction, based on an average system rate (for both 1,000kWh/hour and 1,200 kWh/hour per monthly usage), for the period of 2018 through 2052.

QUESTION:

Please refer to paragraph 25 of the petition. Please describe how FPL and JEA intend on minimizing coal purchases through the shutdown date.

RESPONSE:

JEA and FPL intend to only purchase enough coal to cover the expected dispatch of SJRPP through the retirement date, as well as maintaining enough for purposes of calculating capacity reserve. This effort will minimize the ultimate remaining inventory to be transferred on the date of retirement without sacrificing SJRPP's reliability or capacity contributions prior to shutdown of the facility.

QUESTION:

Please provide the estimated volume of coal required to maintain reserves prior to the shutdown of SJRPP.

RESPONSE:

FPL targets a 35 day coal inventory for operational continuity, but has never established a minimum threshold of coal on site at SJRPP in order to maintain capacity reserves. However, if FPL needed to dispatch SJRPP at 100% capacity around the clock in order to manage some other contingency that occurred in FPL's system, FPL believes that a 10-day inventory, or 100,000 tons, would be the minimum amount to allow enough flexibility to comfortably mitigate any issue that arose. Currently SJRPP has approximately 500,000 tons of coal on site.

QUESTION:

Please describe how coal ash disposal will be handled at the facility after the completion of the transaction. What role or obligation does FPL have in the handling of coal at this particular facility?

RESPONSE:

The active coal ash landfill will be closed in place with an engineered final cover in accordance with the USEPA Coal Combustion Residual (CCR) Rule, 40 CFR 257.102. JEA is the operating partner with responsibility for coal and coal ash management operations. FPL may review planned activities related to coal and coal ash management. FPL will continue to be responsible for 20% of the monitoring and maintenance costs associated with long term closure activities at the ash landfill.

QUESTION:

Please refer to the direct testimony of Keith Ferguson page 6, lines 8-16. Please describe what assets and plant is not slated for retirement and provide the dollar value of each of the assets not being retired.

RESPONSE:

The assets that will not be retired after the dismantlement and remediation activities are completed are mostly land, switchyard, railways and a water treatment facility. Please refer to Attachment No. 1 to this response for detailed information as well as the net book value for each component. As outlined in the Asset Transfer and Contract Termination Agreement, these assets will be transferred to JEA.

QUESTION:

Referring to the testimony of Sam Forest page 6, lines 19-20. Please provide a list of FPL's units, with dispatch order and yearly fuel and O&M expense for the past 10 years.

RESPONSE:

Please see Attachment No. 1.

QUESTION:

Please refer to Witness Scott Bores' testimony page 4 line 9. What were FPL's share of O&M expenses for the SJRPP unit for the years 2006-2016.

RESPONSE:

Please refer to Attachment No. 1 to this response containing O&M expenses related to the ownership portion of the SJRPP.

QUESTION:

Please refer to Witness Bores' testimony page 7 lines 16-19. Please describe how the \$22 million amount was determined and assumed to be sufficient, and what would be FPL's obligation be if the \$22 million is not sufficient for dismantlement?

RESPONSE:

The \$22 million is the projected balance in the dismantlement reserve related to FPL's 20% ownership portion of the SJRPP facility as of December 31, 2017. The reserve amount is calculated based on the reserve and accrual reflected in the latest FPL Dismantlement Study (as corrected) approved by the Commission as part of Docket No. 160061-EI, Order No. PSC-16-0560-AS-EI. See Attachment No. 1 to this response for the calculation of the reserve balance as of December 31, 2017. As discussed in FPL witness Ferguson's direct testimony, Page 9, lines 21-22 and Page 10, lines 1-2, any difference between the actual amount paid by FPL to JEA for dismantlement and the recorded dismantlement reserve will be reflected in FPL's next dismantlement study consistent with the typical approach for any other plant dismantlement.

QUESTION:

Please discuss whether FERC or another federal agency's approval is necessary to complete the SJRPP transaction. Please detail the timeline for these approvals and any potential barriers to approval.

RESPONSE:

On June 16, 2017, FPL requested authorization from the Federal Energy Regulatory Commission ("FERC") under Section 203 of the Federal Power Act ("FPA") for the transfer to JEA of FPL's ownership interests in certain substation equipment located at the SJRPP switchyard (the "Transfer") that are part of the Retained Assets set forth in Schedule 1.01(b) of the Asset Transfer and Contract Termination Agreement. As stated in that filing, FERC has not specifically addressed whether the disposition of transmission facilities from a FERC-jurisdictional public utility to a municipal entity not subject to FERC regulation is subject to approval under FPA Section 203. FPL nonetheless submitted its request for authorization in an abundance of caution, seeking authorization for the Transfer without any threshold finding as to the scope of its jurisdiction under FPA Section 203. No other aspect of the SJRPP shutdown activities is subject to potential FERC approval under FPA Section 203. FPL requested expedited action on the application and a 21-day notice period for comments. On June 16, 2017 FERC issued a notice of FPL's submittal and established a July 7, 2017 deadline to file comments/interventions. No comments/interventions were filed in the docket by that deadline, and therefore FPL does not anticipate any barriers to FERC approval.

QUESTION:

Please provide the following for the emission of SO₂, NO_x, Hg and CO₂

- a. SJRPP facility emission profile for 2016.
- b. FPL's emission profile with SJRPP transaction included from 2018 to 2052.
- c. FPL's emission profile without the SJRPP transaction included from 2018 to 2052.

RESPONSE:

- a. Please see FPL's response to Staff's First Request for Production of Documents No. 6.
- b. Please see Attachment No. 1 for FPL's emission profile with SJRPP transaction included.
- c. Please see Attachment No. 1 for FPL's emission profile without SJRPP transaction included.

QUESTION:

Please provide the percent of FPL's system net energy for load and the amount the SJRPP facility would be anticipated to generate for the period 2017 to 2052 if the transaction is approved or denied.

RESPONSE:

Please see table in Attachment No. 1 that identifies the percent of FPL's system net energy for load and the amount the SJRPP facility would be anticipated to generate for the period 2017 to 2052 if the transaction is approved or denied.

QUESTION:

Referring to Item 13, page 7, of FPL's Petition, please explain how the shutdown of the SJRPP facility will reduce CO2 emissions in Florida by over 5.6 million tons per year, and provide the corresponding calculations.

RESPONSE:

The CO2 emitted from SJRPP in 2016 was 5.6 million tons, as reported to the United States Environmental Protection Agency. 5.6 million tons was the lowest amount of CO2 emissions by the facility in the five year period ending in 2016. The shutdown of SJRPP and the corresponding elimination of these emissions represents a gross CO2 reduction for the state of Florida. A calculation of the net reduction in statewide CO2 emissions would be dependent on the assumed source of replacement generation.

QUESTION:

Please refer to witness Forrest's Direct Testimony, pages 7 (lines 15 - 17) and 11 (lines 18 - 23), and provide the annual amounts of mercury (Hg) emission that would be reduced resulting from the retirement of the SJRPP facility.

RESPONSE:

Please see Attachment No. 1 for the annual amounts of mercury (Hg) emission that would be reduced resulting from the retirement of the SJRPP facility.

QUESTION:

Referring to witness Forrest's Direct Testimony, page 11, lines 18 - 23, please explain how the projected SJRPP retirement-resulted emission reduction profiles for CO₂, NO_x, and SO₂ were derived.

RESPONSE:

FPL used its production costing model, UPLAN, to project FPL system emissions under two scenarios, one with and one without the proposed SJRPP transaction. The difference in system CO₂, NO_x, and SO₂ emissions between these two scenarios provides the emission reductions due to the proposed retirement of SJRPP.

QUESTION:

Please refer to witness Bores' Direct Testimony, page 3, for the following questions.

- a. Referring to lines 12 - 15, does FPL's estimated \$183 million Cumulative Present Value of Revenue Requirements (CPVRR) benefit resulting from the shutdown of the SJRPP facility include the avoided emission costs associated with NO_x, SO₂, and Hg? Please explain your response.
- b. Referring to lines 12 - 15, what are the beginning and ending years of the analysis period associated with the \$183 million CPVRR benefit for FPL customers?
- c. Assuming that the cost of CO₂ emissions is zero dollars throughout the same analysis period as what discussed in question (b.), please provide an update of the CPVRR benefit for FPL customers.
- d. Assuming that the forecast of CO₂ emission cost is 10% lower than what FPL used to formulate the CPVRR, please provide the corresponding CPVRR benefit for FPL customers.
- e. Assuming that the forecast of CO₂ emission cost is 10% higher than what FPL used to formulate the CPVRR, please provide the corresponding CPVRR benefit for FPL customers.

RESPONSE:

- a. The \$183 million in CPVRR includes emission costs for CO₂ and NO_x emissions, although the cost for NO_x emissions is relatively small. FPL did not include costs for SO₂ emissions as FPL's view is that the price of SO₂ emission allowances in the market is essentially zero. FPL did not include Hg costs as there is no working Hg market.
- b. FPL evaluated the transaction beginning in January 2018 and ending in December 2052, which represents the current expected useful life of the SJRPP facility per the depreciation parameters approved in FPL's 2016 rate case settlement.
- c. Assuming that the cost of CO₂ emissions is zero, FPL's estimated \$183 million CPVRR benefit is reduced to \$134 million CPVRR benefit.
- d. Assuming that the costs of CO₂ emission costs is 10% lower, FPL's estimated \$183 million CPVRR benefit is reduced to \$179 million CPVRR benefit.
- e. Assuming that the costs of CO₂ emission costs is 10% higher, FPL's estimated \$183 million CPVRR benefit increases to \$188 million CPVRR benefit.

QUESTION:

Please refer to witness Bores' Direct Testimony, page 5, for the following questions.

- a. Referring to lines 12 - 14, does the ICF's CO2 emission price forecast dated December 2016 include more than one scenario?
- b. If your response to question (a.) is affirmative, how many scenarios in total does the ICF's CO2 emission price forecast include?
- c. If your response to question (a.) is affirmative, please specify which scenario FPL used as the base of its CO2 cost projection for the instant docket, and explain why that scenario was chosen as the appropriate one to use.

RESPONSE:

- a. The ICF CO2 price forecast used by FPL has three CO2 price scenarios:

1. A "No Cost" scenario in which no future CO2 regulation and/or legislation exists (this scenario has a \$0/ton cost in each year);
2. A "Clean Power Plan" scenario; and,
3. A "High Cost" scenario which is based on an assumed 80% reduction by 2050 in national CO2 emissions from 2005 levels.

ICF developed annual probabilities for each of these three scenarios. ICF then developed a mid-band scenario which is based on an overall probability-weighted CO₂ of all three scenarios. This weighted probability forecast was used by FPL as its medium CO₂ price scenario. For its low price scenario, FPL uses the "No Cost" scenario. For its high price scenario FPL used the "High Cost" Scenario.

The CO₂ prices provided by ICF were stated as 2012 real prices. FPL escalated these prices to annual nominal prices.

Please see FPL's response to Staff's First Request for Production of Documents No. 9

- b. See response to subpart (a) above.
- c. See response to subpart (a) above.

QUESTION:

Referring to witness Bores' Direct Testimony, pages 9 -10, please explain why FPL chose to prepare its alternative scenarios using +/- 20%, versus 10%, 15% or 25%, etc., of the base CO2 costs to analyze the impact of CO2 costs on the economic benefits of the SJRPP Transaction.

RESPONSE:

In the economic analysis of CO₂ cost sensitivities, results of which are reported in witness Bores' direct testimony, FPL did not use a +/- 20% range for the high and low CO₂ cost scenarios. For the low CO₂ scenario, FPL assumed that the CO₂ costs were zero throughout the analysis. For the high CO₂ price scenario FPL, used a high band case developed by ICF which assumed legislative action that would take effect in 2028. While FPL's base case also assumed that CO₂ prices would start in 2028, the high cost ICF sensitivity has significantly higher CO₂ prices. Please see FPL's response to Staff's First Request for Production of Documents No. 9 for a table with the three CO₂ cost scenarios. Please also see FPL's response to Staff's First Set of Interrogatories No. 26 for a description of the ICF CO₂ scenarios. The range of results from FPL's analysis of fuel and environmental sensitivities is as reported in witness Bores' testimony (*i.e.*, CPVRR customer savings ranging from \$57 million to \$310 million), but FPL will file errata to his testimony correcting the description of the sensitivity analysis.

QUESTION:

Please provide a summary of all the existing federal, state, and local government policies and rules that regulate CO2 emissions, and specify each such policy's or rule's economic impacts and associated compliance cost.

RESPONSE:

For coal-fired power plants in Florida, the only rule that currently "regulates" CO2 emissions is the Federal Greenhouse Gas reporting requirement. See the following link for more information: <https://www.epa.gov/ghgreporting>. Compliance costs for FPL related to this requirement are limited to the preparation of the report; any such costs are de minimus and have no economic impact on FPL or its customers. Additionally, when new sites are constructed or existing sites such as SJRPP undergo major modifications, the utility must comply with additional regulations for air permitting purposes. These requirements are codified in the EPA's Greenhouse Gas Tailoring Rule, 40 CFR Part 52.21, and are implemented in FDEP's rule 62-212.400, and incorporated by reference in Rule 62-204.800, F.A.C.

In addition to the GHG Reporting Rule, EPA's Clean Power Plan (CPP) regulating the emissions of CO2 from existing electric generating plants is a final rule. This rule is currently stayed by the U.S. Supreme Court pending resolution of legal challenges to the rule. The timing and ultimate outcome of the Clean Power Plan are uncertain at this time.

QUESTION:

- a. Please provide a summary of the current status of the United States' CO2 emission market.
- b. Has the CO2 emission cost been actively charged/traded in the United States?
- c. If your response to question (b.) is affirmative, please provide a detailed explanation on how it works.
- d. What was the average CO2 emission cost in 2013, 2014, 2015 and 2016, respectively, in the United State's emission market?
- e. What is the current CO2 emission cost in the United State's emission market?
- f. What source does FPL rely upon for its responses to questions (a.) - (e.) above?

RESPONSE:

- a. FPL is not subject to regulations that require it to participate in a CO2 emissions trading program. We are, however, aware of two such programs in other locations in the United States.

California CO2 emissions are regulated by the California Air Resources Board. This Cap-and-Trade program is applicable to industrial facilities, fuel suppliers, and electricity importers. The program took effect in early 2012. The enforceable compliance obligation began on January 1, 2013, for greenhouse gas (GHG) emissions. More information can be found on their website at:

<https://www.arb.ca.gov/cc/capandtrade/capandtrade.htm>

The Northeast and Mid-Atlantic states participate in the Regional Greenhouse Gas Initiative (RGGI). RGGI is a cooperative effort among nine states – Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island and Vermont – to reduce greenhouse gas emissions. Regulated entities are fossil-fuel powered electric power generators with a nameplate capacity of 25 MW or more. The first compliance period began on January 1, 2009. This multi-state initiative is facilitated by RGGI, Inc., a 501(c)(3) non-profit corporation created to support development and implementation. More information can be found on their website at: <https://www.rggi.org/>

- b. CO2 emissions have been actively traded in the markets identified in response to subpart (a) above. In addition to the initial allowances released by the states, there is an actively traded secondary market for each program.
- c. Details about the California program can be found on their website at:
<https://www.arb.ca.gov/cc/capandtrade/capandtrade.htm>

Details about the RGGI program can be found at: http://www.rggi.org/market/co2_auctions

- d. Because FPL is not subject to either of the mentioned CO2 emissions markets, the Company relies upon information from publicly available sources to respond to this interrogatory.

After each of their allowance auctions, California publishes a Summary Results Report that shows the clearing prices for that auction. Those reports can be found at:

https://www.arb.ca.gov/cc/capandtrade/auction/auction_archive.htm

RGGI, Inc. produces an annual market report each year that includes pricing information from their auction of allowances. The most recent copy can be found at:

https://www.rggi.org/market/market_monitor

We are also aware there is a robust secondary market for each of these programs but do not have that pricing information.

- e. See FPL's response to subpart (d) above.
- f. See FPL's response to subpart (d) above.

QUESTION:

- a. Historically, has FPL ever incurred any CO₂ emission costs?
- b. If your response to question (a.) is affirmative, please provide details about the transaction(s), as well as the corresponding cost recovery.
- c. If your response to question (a.) is negative, when does FPL expect that it will be affected by a CO₂ emission regulation/rule in the near future?

RESPONSE:

- a. FPL has not incurred any historical CO₂ emission costs.
- b. See response to subpart (a) above.
- c. FPL relies on a CO₂ emission price forecast, developed by ICF International, which is based on the weighted probabilities of three different scenarios for CO₂ emission prices. Each of these three scenarios is based on different expectations for future CO₂ legislation. The resulting forecast projects that CO₂ prices will start in the year 2028.

QUESTION:

Given President Trump's announcement that the U.S. will leave the Paris Climate Accord, what is the expected impact on future U.S. CO₂ emission costs?

RESPONSE:

The ICF International forecast for CO₂ emissions, used by FPL, is based on the weighted probabilities of different scenarios of future CO₂ policy. ICF has advised that it does not believe that the forecast needs to be revised at this time to account for President Trump's announcement that the U.S. will leave the Paris Climate Accord. The different scenarios used by ICF already address the uncertainties that Federal elections may have on future climate change and global-warming policies, including potential policy reversals.

QUESTION:

Please refer to the testimony of Florida Power & Light (FPL) Witness Scott Bores, page 5, lines 8-11. Please identify the sources and dates of FPL's fuel price forecast used in support of its proposed SJRPP Transaction.

RESPONSE:

A November 2016 fuel cost forecast was used in FPL's proposed SJRPP Transaction.

Fossil fuel price forecasts, and the resulting projected price differentials between fuels, are major drivers used to evaluate alternatives for meeting future resource needs. FPL's forecasts are generally consistent with other published contemporary forecasts.

Future oil and natural gas prices, and to a lesser extent, coal prices, are inherently uncertain due to a significant number of unpredictable and uncontrollable drivers that influence the short- and long-term price of oil, natural gas, and coal. These drivers include U.S. and worldwide demand, production capacity, economic growth, environmental requirements, and politics.

The inherent uncertainty and unpredictability of these factors today and in the future clearly underscore the need to develop a set of plausible oil, natural gas, and solid fuel (coal) price scenarios that will bound a reasonable set of long-term price outcomes.

FPL's Medium price forecast methodology is consistent for oil and natural gas. For oil and natural gas commodity prices, FPL's Medium price forecast applies the following methodology:

- a. Through 2018, the methodology used the November 2016 forward curve for New York Harbor 0.7% sulfur heavy oil, Ultra-Low Sulfur Diesel (ULSD) fuel oil, and Henry Hub natural gas commodity prices;
- b. For the next two years (2019 and 2020), FPL used a 50/50 blend of the November 2016 forward curve and the most current projections at the time from The PIRA Energy Group;
- c. For the 2021 through 2035 period, FPL used the annual projections from The PIRA Energy Group; and,
- d. For the period beyond 2036, FPL used the real rate of escalation from the Energy Information Administration (EIA). In addition to the development of oil and natural gas commodity prices, nominal price forecasts also were prepared for oil and natural gas transportation costs. The addition of commodity and transportation forecasts resulted in delivered price forecasts.

FPL's Medium price forecast methodology is also consistent for coal prices. Forecasted coal prices were based upon the following approach:

- a. Delivered price forecasts for Central Appalachian (CAPP), Illinois Basin (IB), Powder River Basin (PRB), and South American coal were provided by JD Energy; and,

- b. The coal price forecast for SJRPP and Plant Scherer assumes the continuation of the existing mine-mouth and transportation contracts until expiration, along with the purchase of spot coal, to meet generation requirements.

QUESTION:

Please identify the date, if known, of FPL's next/updated fuel price forecast that will be used for Company/business planning purposes.

RESPONSE:

FPL expects to update its long-term fuel price forecast at the end of 2017 in connection with the development of its 2018 financial plan.

QUESTION:

Please refer to Witness Bores' testimony, Page 9, line 21, through Page 10, line 2. Please explain why FPL chose to use a constant (all forecast years) +/- 20 percent as the sensitivity level/band, as opposed to other possible sensitivity levels/bands.

RESPONSE:

FPL's high and low long-term natural gas price forecasts are based on a statistical measurement of the volatility of gas prices over the past 8 years. This computation reflects one standard deviation in prices up and down from the average for that period and results in high and low prices which are approximately +/- 20% of the base forecast.

FPL did not use the constant +/- 20 percent high and low bands for CO₂ prices. See FPL's response to Staff's First Set of Interrogatories Nos. 26 and 27 for a description of the high and low band used by FPL for CO₂ price sensitivities.

QUESTION:

Witness Bores indicates in his direct testimony, at pages 9 and 10, that FPL's economic analysis of SJRPP Transaction includes alternate scenarios based, in part, on fuel prices that are +/- 20 percent of forecasted prices. Please provide the percent error in FPL's delivered natural gas price forecasts out 5 to 10 years for FPL's 2001 through 2006 Ten Year Site Plans, per the following tables.

RESPONSE:

In its sensitivity analysis of fuel prices, FPL only varied the price of natural gas, approximately +/-20%, while holding coal price constant. FPL believes that the most meaningful sensitivity is to the differential between the prices for coal and natural gas. Holding coal prices constant while varying gas prices provides a larger differential between the prices of the two fuels, thus expanding the range of possible fuel-price outcomes covered by the sensitivity analysis.

The requested data for natural gas prices is provided in Attachment No. 1.

QUESTION:

Witness Bores indicates in his direct testimony, at pages 9 and 10, that FPL's economic analysis of SJRPP Transaction includes alternate scenarios based, in part, on fuel prices that are +/- 20 percent of forecasted prices. Please provide the percent error in FPL's delivered coal price forecasts out 5 to 10 years for FPL's 2001 through 2006 Ten Year Site Plans, per the following tables.

RESPONSE:

As discussed in FPL's response to Staff's First Set of Interrogatories No. 35, FPL varied the forecasted price of natural gas but not coal by +/- 20%. Please see Attachment No. 1 for the requested data.

QUESTION:

Witness Bores indicates in his direct testimony, at pages 9 and 10, that FPL's economic analysis of SJRPP Transaction includes alternate scenarios based, in part, on fuel prices that are +/- 20 percent of forecasted prices. Please provide the average percentage increase/decrease in FPL's forecasted price for coal and natural gas in this docket based on applying one standard deviation (plus and minus) of historical monthly delivered fuel price for FPL from 2002 through 2016 to FPL's fuel price forecasts. Please provide all related worksheets.

RESPONSE:

The average percentage increase/decrease in FPL's forecasted price from natural gas and coal, calculated with the methodology described in this interrogatory are 47.75% and 15.61%, respectively. However, pursuant to FPL's response to Staff's First Set of Interrogatories No. 34, FPL's high and low long-term natural gas price forecasts are based on a statistical measurement of the volatility of gas prices over the past 8 years. This computation reflects one standard deviation in prices up and down from the average for that period, which provides less volatility as it removes the seasonality of the month to month changes in the calculation. Please see Attachment No. 1.

QUESTION:

Please refer to the testimony FPL Witness Keith Ferguson, pages 13-14. Is it correct that FPL will now only be responsible for 20 percent of the total cost to dismantle the entire SJRPP facility (whereas the original 20 percent ownership and 30 percent capacity Purchase Power Agreement required FPL to satisfy 50 percent of the cost to dismantle the plant)?

RESPONSE:

Yes, it is correct that under Section 2.08 of Asset Transfer and Contract Termination Agreement (see Exhibit SAF-1), FPL is only responsible for 20 percent of the total cost to dismantle the entire SJRPP facility whereas under the JOA, FPL would be responsible for 50 percent of the total cost to dismantle the entire SJRPP facility (20 percent ownership and 30 percent under the power purchase agreement).

QUESTION:

Please refer to the testimony of FPL Witness Ferguson, Exhibit KF-1, specifically page 2 of 2, Lines 25-27. For each entry, the Federal Energy Regulatory Commission (FERC) account description is shown as "Other deferred credit - ...," while the associated FERC Account number is 254 (all). Please clarify which FERC account Witness Ferguson intended to specify on each of Lines 25-27; Account 254 - Other regulatory liabilities, or Account 253 - Other deferred credits.

RESPONSE:

The captions on Exhibit KF-1, Page 2, Lines 25 through 27, were not labeled correctly and should read as follows:

- Line 25 - Other regulatory liability - SJRPP Suspension Liability
- Line 26 - Other regulatory liability - SJRPP Deferred Interest
- Line 27 - Other regulatory liability - SJRPP Article 8 PPA Dismantlement Accrual

The amortization expense associated with these refunds is reflected in Line 28, Purchased Power Expense (Account 555). Lines 25 through 27 mentioned above were intended to reflect the same caption as Exhibit KF-1, Page 2, Lines 9 through 11.

QUESTION:

Please refer to Witness Bores' direct testimony, page 5, lines 1-7. Please define all dependent and independent variables in the load and customer models referred to in Staff's First Set of PODs, Nos. 1a - 1e, and 2a - 2d. In addition, please define all acronyms and variable names, along with the sources and dates for each independent variable.

RESPONSE:

Please see Attachment No. 1.

QUESTION:

Did FPL's economic analysis of the SJRPP Transaction include high and low load forecast scenarios? If so, please identify the high and low load forecasts and related scenarios. If not, why not?

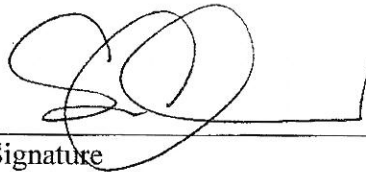
RESPONSE:

FPL's economic analysis did not include high and low FPL load forecast scenarios. For the SJRPP transaction, FPL believes that the more relevant sensitivities would be to fuel gas prices and CO₂ emission prices.

DECLARATION

I sponsored the answers to Interrogatory Nos. 4, 7-9, 14, 19, 28, 29, 37 and 40 and I co-sponsored the answers to Interrogatory Nos. 12, 35 and 36 of Staff's First Set of Interrogatories (Nos. 1-42) to Florida Power & Light Company in Docket No. 170123-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.



Signature

Sam Forrest

Name

7/10/17

Date:

DECLARATION

I sponsored the answers to Interrogatory Nos. 1-3, 5, 6, 15, 16, 20-27, 30-34, 41 and 42 and I co-sponsored the answers to Interrogatory Nos. 12, 35 and 36 of Staff's First Set of Interrogatories (Nos. 1-42) to Florida Power & Light Company in Docket No. 170123-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.



Signature

Scott Bores

Name

Date: 1/19/2017

DECLARATION

I sponsored the answers to Interrogatory Nos. 10, 11, 13, 17, 18, 38 and 39 of Staff's First Set of Interrogatories (Nos. 1-42) to Florida Power & Light Company in Docket No. 170123-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.



Signature

Keith Ferguson

Name

Date: 7/10/2017

8

FPL's Responses to Staff's Second Set of Interrogatories Nos. 43 and 46

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20170123-EI EXHIBIT: 8
PARTY: STAFF – (DIRECT)
DESCRIPTION: FPL's Responses to Staff's
Second Set of Interrogatories
Nos. 43 and 46

QUESTION:

Contract Questions (Issue 2)

Please state the number and list the existing contracts between third party providers and the co-owners (JEA and FPL) that will need to be fulfilled or terminated, if the Commission approves FPL's proposed SJRPP transaction.

RESPONSE:

There are two contracts with third parties as described in Schedule 1.01(c) to the Asset Transfer Agreement (ATA) that will be terminated if the Commission approves the SJRPP Transaction as proposed by FPL. Please see below:

Ash Contract with Boral Material Technologies, LLC.

Gypsum Contract with United Gypsum Company.

Please note that FPL does not interpret Staff Second Set of Interrogatories Nos. 43-46 as applying to the railcar lease agreement or the rail transportation agreement that were described in the testimony of FPL witness Scott Bores, as those agreements expired independent of the decision to retire SJRPP.

QUESTION:

How should the proposed cost of fulfilling or terminating each of the existing contracts between third party providers and the co-owners (JEA and FPL) be recovered, if the Commission approves FPL's proposed SJRPP transaction?

RESPONSE:

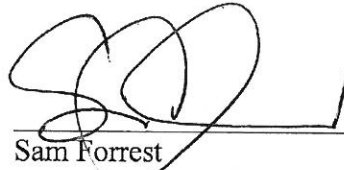
FPL does not anticipate any costs associated with fulfilling or terminating the two contracts with third parties as described in Schedule 1.01(c) to the Asset Transfer Agreement, so there should be no need for FPL to seek any recovery related to these contracts.

Please refer to FPL's response to Staff's Second Set of Interrogatories No. 43.

DECLARATION

I sponsored the answers to Interrogatory Nos. 43-46 of Staff's Second Set of Interrogatories (Nos. 43-46) to Florida Power & Light Company in Docket No. 20170123-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.



Sam Forrest
8/8/17

Date:

9

FPL's Responses to Staff's Third Set of Interrogatories Nos. 47-62, and 64-66

Additional files contained on Staff Hearing Exhibits CD for Nos. 51, 53, 54, and 61

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20170123-EI EXHIBIT: 9
PARTY: STAFF – (DIRECT)
DESCRIPTION: FPL's Responses to Staff's
Third Set of Interrogatories
Nos. 47-62, and 64-66..

QUESTION:

Please describe the cost savings measures FPL considered under the existing JOA to lower the cost without the proposed SJRPP transaction.

RESPONSE:

SJRPP is a jointly owned facility that is operated by JEA. While both parties strive to keep the unit operating safely and efficiently, FPL cannot unilaterally implement cost-saving measures under the existing JOA. FPL controls a portion of the dispatch of the unit, and evaluates the cost effectiveness to either dispatch or not dispatch its share of the unit on a daily basis. Any other measures beyond that would require a bilateral discussion, which is how FPL and JEA arrived at the signed Asset Transfer and Contract Termination Agreement (ATA) that is currently in front of this Commission.

QUESTION:

If FPL's base case scenario is not the lowest cost alternative without the SJRPP transaction, please provide the cost comparison this lowest cost alternative with the base case scenario.

RESPONSE:

FPL did not compare the base case scenario to any additional scenarios without the SJRPP transaction. As described by FPL witness Bores at pages 3 and 4 of his direct testimony, FPL's analysis involved a comparison between the base case scenario and the transaction scenario that resulted from bilateral negotiation with JEA. In developing the transaction scenario, FPL identified the capacity shortfalls it would have in both the short-term and long-term if it elected to move forward with shutting down the SJRPP units in January 2018. FPL then developed a resource plan that accounted for these shortfalls. FPL used its UPLAN production costing model and its Fixed Cost Spreadsheet Model to determine the CPVRR through 2052 of both resource plans, with and without the transaction, noting that shutting down SJRPP was the most favorable outcome for customers and resulted in greater than \$183 million CPVRR benefit.

QUESTION:

Please provide a list of alternatives to the proposed SJRPP transaction considered by FPL. As part of the response, please describe how FPL evaluated each, and if possible, provide the cost impact in categories shown in Exhibit SRB-1, in spreadsheet format such as Excel.

RESPONSE:

As described in FPL witness Forrest's direct testimony, SJRPP was designed as a base-load asset when it entered service in 1988. Although it has operated effectively and reliably since that time, its contributions to FPL's generation stack have been largely displaced by cleaner and more fuel-efficient natural gas-fired combined cycle units. This displacement has been accelerated by the substantial decline in the differential between the price of natural gas and the price of coal, with no signs of that differential significantly increasing in the foreseeable future. It became apparent that continuing to incur SJRPP's substantial operating costs while dispatching it infrequently was, and likely would continue to be, highly uneconomic. Given this reality, FPL concluded that there were no stop-gap measures that could be reasonably expected to lower SJRPP's high operational costs enough to justify operation in a low-dispatch scenario. Therefore, FPL approached bi-lateral discussions with JEA knowing that the best option for FPL's customers was to exit SJRPP and the JOA. As this dialogue progressed, JEA arrived at the same conclusion with respect to its customers, and the decision was jointly made to retire the unit.

QUESTION:

Please refer to pages 9-10 of witness Bores' testimony, including the revision, regarding the sensitivity analysis FPL prepared to assess the CPVRR benefit to customers. Please provide the benefit or cost to customers for each alternate scenario in categories shown in Exhibit SRB-1.

RESPONSE:

FPL has assessed the benefits under nine differing fuel and CO2 scenarios, noting that there is a CPVRR benefit to customers in each case. Please see Attachment No. 1 for a breakdown of each scenario in the same format as Exhibit SRB-1.

CPVRR of Customer Savings Scenarios			
<i>\$ Millions</i>	Low Fuel (-20%)	Base Fuel	High Fuel (+20%)
Low CO2 Price	\$171	\$134	\$57
Mid Case CO2 Price	\$213	\$183	\$122
High CO2 Price	\$310	\$272	\$212

QUESTION:

Please refer to witness Bores' Exhibit SRB-1 regarding the unfavorable base system impact to customers associated with the need of additional generation by equalizing combined cycle in 2033 due to the proposed SJRPP transaction. Please provide the capital and fixed O&M cost estimates for the additional generation.

RESPONSE:

The capital and O&M costs of the equalizing filler, in-service 2033, are based on the costs of a 1,750 MW green-field combined cycle unit, with an in-service date of 2025. The costs of the green-field combined cycle were escalated from 2025 to 2033 using an annual escalator of 2.0% for capital and 2.5% for O&M. The costs were then prorated by the difference in MW size between the green-field combined cycle and the equalizing filler. These costs, in \$/kW, are shown in the table below:

	2025\$	2033\$
Generation Capital Cost (\$/kW) =	660	773
Transmission Interconnection Capital Cost (\$/kW) =	42	49
Levelized Fixed O&M Cost (\$/kW) =	3.4	4.1
Levelized Capital Replacement Cost (\$/kW) =	9.0	10.5

QUESTION:

Please refer to witness Bores' Exhibit SRB-1 regarding the subcategories under PPA payments, Operation and Maintenance, and clause system impact. Please provide the cost under FPL's base case scenario for these subcategories, in spreadsheet format such as Excel.

RESPONSE:

Please see Attachment No. 1 for detail on the PPA Payments, Operations & Maintenance Costs and Clause System Impacts.

QUESTION:

Please refer to page 6 of OPC witness Merchant's testimony regarding the suggestion that the regulatory assets related to the early retirement and asset transfer of FPL's investment in the SJRPP be amortized over 120 months beginning in 2018. If OPC's suggestion is adopted, what is the impact to the economic analysis? Please provide the cost impact in categories shown in Exhibit SRB-1, in spreadsheet format such as Excel.

RESPONSE:

If FPL were to begin amortization of the regulatory assets related to the early retirement and asset transfer in January 2018 as proposed by OPC witness Merchant, the overall CPVRR of the transaction would remain unchanged. Please refer to Attachment No. 1 for a comparison of FPL's proposal to that of OPC witness Merchant in the same format as Exhibit SRB-1.

QUESTION:

Please refer to Florida Power & Light's (FPL or Company) response to Staff Interrogatories Nos. 35 and 37. FPL's response to No. 35 indicates the percent error in FPL's delivered natural gas price forecasts out 5 to 10 years for FPL's 2001 through 2006 Ten Year Site Plans ranges from 30% (5 years) to 47% (10 years). FPL's response to No. 37 indicates that historical volatility of natural gas prices over the period 2002 through 2016 is 47.75% (one standard deviation). Given the forecast horizon in this case (2017 through 2052), why did FPL choose to develop its alternate scenarios based on a standard deviation of prices over the past 8 years, or approximately +/-20 percent, rather than other measures inclusive of a greater number of years, such as those identified in Interrogatories Nos. 35 and 37?

RESPONSE:

The High and Low bands used in FPL's forecasting methodology remain consistent through all of its analyses and project valuations. Pursuant to the response to Staff's First Set of Interrogatories No. 37, FPL's current volatility computation provides a more stable projection of price movement as it removes the seasonality of the month to month changes shown in the response. Additionally, it provides a true volatility calculation to properly account for a low and high band as opposed to the absolute change month over month. Finally, as market conditions are constantly in flux, the current time frame being used to calculate the high and low bands allows for the most relevant market conditions to be included in the calculation.

QUESTION:

Please refer to FPL's response to Staff's First Set of Interrogatories, No. 36. Why was the fuel price for Plant Scherer used in the analysis presented in this response?

RESPONSE:

Because SJRPP uses 100% Colombian coal and Plant Scherer uses 100% Powder River Basin coal, their respective forecasts are created separately to properly account for the variations associated with the different sources of fuel at each plant. Staff's First Set of Interrogatories No. 36 asks for "the percent error in FPL's delivered coal price forecasts out 5 to 10 years for FPL's 2001 through 2006 Ten Year Site Plans," which FPL did not interpret as limited to the coal price forecasts for SJRPP. Therefore, the Plant Scherer forecast was included to provide a comprehensive response to Staff's First Set of Interrogatories No. 36.

QUESTION:

Please refer to FPL's response to Staff's First Set of Interrogatories, No. 40.

- a. Are the projected costs for "monitoring of the closed coal ash landfill for 30 years" primarily for the purposes of groundwater monitoring?
- b. If the response to (a.) is affirmative, were these costs included in the annual cost figure presented in Rebuttal Testimony of FPL Witness Keith Ferguson, Exhibit KF-4, Page 24 of 127, Table 1-2 (St. Johns River), in Docket No. 160021-EI?
- c. If the response to (a.) is negative, please explain how the costs for monitoring the closed coal ash landfill have been formulated, the estimated cost amount, and how the costs are currently (if commenced) recovered.
- d. If the responses to subparts (a.) and (b.) are affirmative, does the cost figure presented in Table 1-2, as referenced above, comprise a total groundwater annual monitoring cost estimate for the entire St. Johns River Power Park (SJRPP) site, for which FPL is only responsible for 20 percent (assuming the Company's petition is approved in this docket)?
- e. If the response to subpart (d.) is affirmative, does FPL expect that the cost (\$175,000 annually) for monitoring groundwater at the SJRPP site will remain stable while only tracking general market inflation over the next 30 years? Please explain.
- f. If the response to subpart (e.) is negative, please provide a 30 year cost estimate (total site and FPL's 20 percent share, in nominal and constant terms) for the monitoring of the closed coal ash landfill at the SJRPP site.

RESPONSE:

- a. Yes.
- b. Yes.
- c. N/A
- d. Yes, the \$175,000 cost estimate for annual groundwater monitoring represents the total cost for the site, of which FPL would be responsible for 20% (\$35,000/year) based on its ownership percentage.
- e. Yes, FPL expects that the monitoring costs will remain stable tracking inflation for similar costs over the next 30 years. The costs represent the costs to contract a third party company for these groundwater monitoring activities during the required period; however, as noted on Exhibit KF-4 (corrected), Page 40 of 127, paragraph 37, "[a]dditional on-going costs may be required for maintenance of the site, depending on the condition of the site and ownership of the site. No additional ongoing costs have been included in the cost estimates provided in this Study."
- f. N/A

QUESTION:

Please refer to Pages 9 and 10 of witness Bores direct testimony of May 22, 2017, and FPL's response to Staff's First Set of Interrogatories, No. 34. Why did FPL choose to create alternate scenarios based on a static change in natural gas price (+/- 20%) rather than ramping up the percent deviation over time, in recognition that natural gas price forecast error percentages typically increase in the out years?

RESPONSE:

Please refer to FPL's response to Staff's Third Set of Interrogatories No. 55.

QUESTION:

Please refer to Pages 9 and 10 of witness Bores direct testimony of May 22, 2017 and FPL's response to Staff Interrogatory No. 25. Please complete the following table.

RESPONSE:

CPVRR of Customer Savings Scenarios			
<i>\$ Millions</i>	Low Fuel (-20%)	Base Fuel	High Fuel (+20%)
Low CO2 Price	\$171	\$134	\$57
Mid Case CO2 Price	\$213	\$183	\$122
High CO2 Price	\$310	\$272	\$212

QUESTION:

Please refer to FPL's response to Staff's First Set of Interrogatories, No. 32. In developing its forecast of coal prices used to perform its CPVRR analysis in this case, what did FPL do to ensure that the forecasted coal prices reflect the types and proportions of coal burned at SJRPP historically?

RESPONSE:

Please see FPL's responses to Staff's First Set of Interrogatories No. 36 and Staff's Third Set of Interrogatories No. 56. As noted in the response to Staff's Third Set of Interrogatories No. 56, SJRPP uses 100% Colombian coal, so there was no issue about reflecting the proportions of different types of coal in the coal price forecast.

QUESTION:

Please specify which specific forecast(s) of natural gas prices and coal prices provided in FPL's response to Staff's First Set of Production of Documents, No. 10 were used in calculating its CPVRR mid-case analysis. Please provide worksheet and column identifiers.

RESPONSE:

The fuel prices used in calculating its CPVRR mid-case analysis are shown, highlighted in green, in Attachment No. 1. The column identifiers are:

For natural gas prices:

Weighted Average FGT Firm
Weighted Average Gulfstream Firm
FSC Firm from Sabal Trail

For coal prices:

Plant Scherer Unit 4- Weighted Average without SO2 and NOx
St. Johns River Power Park - Weighted Average without SO2 and NOx

For oil prices:

Martin Residual
Manatee/Turkey Point Residual
All Plants Distillate

QUESTION:

According to Paragraph 11, pp. 6-7 of FPL's petition, the SJRPP transaction will produce "...approximately \$183 million in CPVRR savings for customers over the analysis period of January 1, 2018 through December 31, 2052." In Paragraph 12, p. 7, the petition goes on to discuss the "...economic benefits of the SJRPP transaction under alternate scenarios..." Does FPL use the terms "CPVRR savings for customers" and "economic benefits," in these two paragraphs interchangeably? If not, please define the terms.

RESPONSE:

Yes.

QUESTION:

Please refer to P. 5, lines 3-7 of witness Bores' testimony, which identifies FPL's load forecast, including system peaks and net energy for load, as one of the "...major assumptions used in this economic analysis..." Witness Bores' testimony, Exhibit SRB-1, Page 1 of 1, compares incremental revenue requirements under "Base Rate" and "Clause" alternatives.

- a. Please explain the general role of FPL's system peak forecasts and net energy for load forecast in its projected determination of CPVRR savings.
- b. On p. 4, lines 21-22 of his direct testimony, witness Bores states that "The capacity shortfall no longer exists after 2018..." Please explain the role of FPL's load forecasts in its determination of CPVRR savings, especially as it relates to the specific timing of planned capacity additions and purchased power in this case.

RESPONSE:

- a. The FPL peak forecast is used by FPL in determining the amount and timing of future resources needed to meet FPL's reliability criteria. The capital costs and timing of the resulting resource plan is the basis for determining the capital component of CPVRR. The net energy for load forecast, in hourly form, is used in FPL's production costing model and it impacts the projected system variable costs of each resource plan under study which are part of the CPVRR calculation. These system variable costs are: fuel costs, variable operating and maintenance, startup costs, and emission costs.
- b. As stated in subpart (a) above, the peak load forecast drives the timing of future resource additions which could be in the form of generation capacity, DSM additions, and/or purchase power agreements). Changes in the peak load forecast could change the amount and/or timing of future resources which would impact both sides of the CPVRR comparison.

QUESTION:

In its response to staff's First Set of Interrogatories, No. 42, regarding sensitivities to FPL's load forecast, FPL expressed the belief that "...the more relevant sensitivities would be to fuel gas prices and CO2 emission prices." Please provide the data, variables, modeling procedures and assumptions that FPL uses to support this assertion.

RESPONSE:

The economics of the SJRPP transaction are in large part based on replacing the coal generation from SJRPP with mostly natural gas generation. FPL believes that sensitivities to the differential between coal and natural gas prices are very relevant in this case. Similarly there is a significant difference between the CO2 emissions resulting from coal and from natural gas generation. FPL also believes that CO2 sensitivities are relevant in this case. The different fuel and CO2 price sensitivities and their resulting economic impact have been already provided to Staff in previous discovery in this case. It is unlikely that load forecast sensitivities would significantly impact the amount of SJRPP coal energy being displaced with gas but FPL did not perform any analysis to confirm this.

QUESTION:

Please refer to FPL's response to Staff's First Request for Production of Documents, No. 1, containing FPL's load forecast model:

"Updated_2017_TYSP_real_price_2_terms_Rev_CandS.xlsx," "Data," "Err," "BX," and "YHat" tabs, with forecast values through the year 2030.

- a. Please identify FPL's modeling assumptions used to extend the Company's load forecast from 2026 (the last year of the forecast in Schedule 3.1 of FPL's 2017 Ten Year Site Plan) to 2050.
- b. Please identify the specific locations in FPL's response to staff's First Request for PODs, No. 1, containing the forecasts used in FPL's CPVRR analysis.

RESPONSE:


- a. FPL's Net Energy for Load (NEL) model provided in Staff's First Request for Production of Documents No. 1, file "Updated_2017_TYSP_real_price_2_terms_Rev_CandS.xlsx" forecasts NEL per customer out to 2030. The 2017 Ten Year Site Plan only presents the NEL forecast through 2026. The model equation developed for NEL per customer, provided in the above referenced file, along with forecasts for the independent variables, is used to extend the forecast to 2040. Beyond 2040, the forecast is based on long-term trends. The compound annual growth rate for NEL per customer is calculated for the 1990-2040 time period. NEL per customer, for both historical and forecast periods, is calculated after removing the impact of DSM and the model adjustments for wholesale contracts, electric vehicles, private solar, and the EDR rate. Once these adjustments are removed, the compound annual growth rate is calculated. This growth rate is used to extend the NEL per customer forecast beyond 2040. After multiplying the NEL per customer forecast by the customer forecast, adjustments are made for DSM, wholesale contracts, electric vehicles, private solar, and the EDR rate.
- b. Below are the specific locations in FPL's response to Staff's First Request for Production of Documents No. 1, which contain the load forecasts used in FPL's CPVRR analysis:

File: "Peak and Energy 2017 TYSP Dec2016.xlsx"
Worksheets: "Monthly_NEL_Model", Column AP
"Summer Peak", Column AB
"Winter Peak", Column AA

DECLARATION

I sponsored the answer to Interrogatory No. 57 from Staff's Third Set of Interrogatories to Florida Power & Light Company in Docket No. 20170123-EI, and the response is true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Keith Ferguson

Date: 8/16/17

DECLARATION

I sponsored the answers to Interrogatory Nos. 47, 49, 51-54, 58, 59, 61 and 62-66 from Staff's Third Set of Interrogatories to Florida Power & Light Company in Docket No. 20170123-EI, and the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.

A handwritten signature in black ink, appearing to read 'S. Bores', is written over a horizontal line.

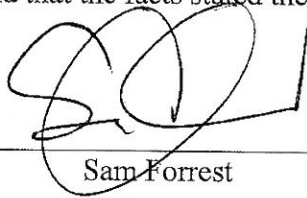
Scott Bores

Date: 8/15/2017

DECLARATION

I sponsored the answers to Interrogatory Nos. 48, 50, 55, 56 and 60 from Staff's Third Set of Interrogatories to Florida Power & Light Company in Docket No. 20170123-EI, and the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Sam Forrest

Date: 8/15/17

FPL's Responses to Staff's Fourth Set of
Interrogatories No. 67

**Additional files contained on Staff
Hearing Exhibits CD for No. 67**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20170123-EI EXHIBIT: 10
PARTY: STAFF – (DIRECT)
DESCRIPTION: FPL's Responses to Staff's
Fourth Set of Interrogatories
No. 67

QUESTION:

In the 2015 settlement of the Cedar Bay purchase and sale agreement between FPL and CBAS Power Holdings, FPL was authorized to begin recovery of Cedar Bay regulatory assets through base rates until the following test year and then to finish recovery of the unamortized balance through the Capacity Cost Recovery Clause (CCRC).

If FPL began the 10 year recovery of the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset through the CCRC starting in January 2018, and then completed recovery of the unamortized amounts through base rates when rates are set in its next general base rate case, what impact, if any, would it have on the SJRPP Transaction?

RESPONSE:

If FPL were to begin recovery of the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset through the CCRC starting in January 2018, and then complete recovery of the unamortized amounts through base rates beginning in January 2021, the overall CPVRR of the transaction would remain unchanged. Please see Attachment No. 1 for a revised Exhibit SRB-1 showing the breakdown between base and clause.

DECLARATION

I sponsored the answer to Interrogatory No. 67 from Staff's Fourth Set of Interrogatories to Florida Power & Light Company in Docket No. 20170123-EI, and the response is true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Scott Bores

Date: 8/15/2017

FPL's Responses to Staff's First Set of
Production of Documents Nos. 1-11

**Additional files contained on Staff
Hearing Exhibits CD for Nos. 1-3, 5,
and 7-10**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20170123-EI EXHIBIT: 11
PARTY: STAFF – (DIRECT)
DESCRIPTION: Scott Bores(1-5, 7-9)Sam
Forrest(6,10, 11)

QUESTION:

Refer to Witness Bores' direct testimony of May 22, 2017, page 5, lines 1-7, in responding to the following requests:

On page 5 of his direct testimony, Witness Bores identifies "...FPL's most recent official long-term load forecast..." as one of the "major assumptions" used in his economic analysis, "...including system peaks and net energy for load..." (lines 3-6). Please provide, in electronic MS Excel format, all load forecast worksheets referenced in Witness Bores' testimony, with formulas intact, including:

- a. Each of FPL's load forecasting models (where 'models' is broadly interpreted to include all energy and demand forecasts generated by FPL), including all assumptions, data, and summary statistics, as available;
- b. The forecasts produced using each model's output provided in response to 1.a. above;
- c. All adjustments used to derive the forecasts in 1.b. above, along with the sources of the adjustments;
- d. All calculations required to generate all normal weather data used to prepare the load forecasts;
- e. All assumptions used to produce the forecasts in 1.c. above not otherwise identified in 1.a. above;

RESPONSE:

- a. The attached files, "Updated_2017_TYSP_Real_Price_2_Terms_Rev_C&S.xlsx", "Summer_Peak_2017_Updated_Inputs.xlsx", "Winter_Peak_2017_TYSP.xlsx" contain the models, assumptions, data, and statistics for the Net Energy for Load, Summer Peak, and Winter Peak models.
- b. The attached file, "Peak and Energy 2017 TYSP Dec2016.xlsx" contains all forecasts produced from the models in subpart (a).
- c. Please see attached files in "Adjustments" folder. These files contain the data and calculations used in developing adjustments to the load forecast.
- d. Please see attached file, "LT_Inputs_Dec2016.xlsx", worksheets "weather" and "Annual Data" and "Calendar CDH and HDH Daily Normals for 2017 (1995-2016).xlsx" for the calculation of normal weather.
- e. All assumptions used to produce the load forecast have been provided.

QUESTION:

Please provide, in electronic MS Excel format, all worksheets used in the development of:

- a. FPL's customer forecasting models (where 'models' is broadly interpreted to include all energy and demand forecasts generated by FPL), including all assumptions, data, and summary statistics, as available;
- b. FPL's customer forecasts produced using each model output included in 2.a. above;
- c. All adjustments used to derive the forecasts in 2.b. above , along with the sources of the adjustments;
- d. All assumptions used to produce the forecasts in 2.b. above not otherwise identified 2.a. above;

RESPONSE:

- a. The attached file contains the model, assumptions, data, and statistics used in developing FPL's total customer forecast.
- b. Please see file referenced in response to subpart (a).
- c. No adjustments were made to the model output in developing FPL's total customer forecast.
- d. No additional assumptions were used to produce the total customer forecast other than those provided in subpart (a) above.

QUESTION:

Please identify any differences between FPL's forecasts in the instant docket and FPL's 2017 Ten Year Site Plan forecasts, as they appear in Schedules 2.1, 2.2, 2.3, 3.1, 3.2, 3.3, and Schedule 4, pp.40-46.

RESPONSE:

There are no differences between FPL's forecast used in the instant docket and FPL's 2017 Ten Year Site Plan forecast.

QUESTION:

Please provide FPL's actual monthly energy and demand amounts from January 2016 through the most recent month available, by customer class (in totals rather than average KWh consumption per customer). Please provide the requested data electronically in MS Excel format with all formulas intact.

RESPONSE:

The attached file contains monthly billed MWh sales by revenue class and monthly demands by rate class. MWh sales are available through May 2017 while demands are only available through December 2016. Demands are based on load research samples and actual metered data.

Florida Power & Light Company
Docket No. 170123-EI
Staff's First Request for Production of Documents
Request No. 6
Page 1 of 1

QUESTION:

Please provide the historical annual emission profiles of CO₂, SO₂, NO_x and Hg associated with SJRPP.

RESPONSE:

Year	UNIT	Emissions				Generation	Emission Rates (lbs/MWh)		
		Annual NOx Emissions (short ton)	Annual SOx Emissions (short ton)	Annual CO2 Emissions (short ton)	Annual Mercury Emissions (lbs)	(MWhs)	NOx Rate	SOx Rate	CO2 Rate
	SJRPP 1	5,085	1,387	2,589,847		2,310,967	4.40	1.20	2,241
	SJRPP 2	5,174	1,451	3,010,010		2,615,553	3.96	1.11	2,302
2016 total	SJRPP	10,259	2,839	5,599,857	49	4,926,520	4.16	1.15	2,273
	SJRPP 1	5,262	2,154	2,708,688		2,427,946	4.33	1.77	2,231
	SJRPP 2	6,096	2,840	3,350,244		2,925,399	4.17	1.94	2,290
2015 total		11,358	4,994	6,058,932	58	5,353,345	4.24	1.87	2,264
	SJRPP 1	7,879	10,684	4,441,286		4,054,511	3.89	5.27	2,191
	SJRPP 2	5,808	7,821	3,464,816		3,088,201	3.76	5.07	2,244
2014 total		13,687	18,505	7,906,102	117	7,142,712	3.83	5.18	2,214
	SJRPP 1	6,264	6,395	3,266,008		3,090,294	4.05	4.14	2,114
	SJRPP 2	5,997	7,837	4,030,925		3,560,601	3.37	4.40	2,264
2013 total		12,261	14,231	7,296,933	95	6,650,895	3.69	4.28	2,194
	SJRPP 1	6,810	6,029	3,280,207		3,125,729	4.36	3.86	2,099
	SJRPP 2	6,059	6,590	3,577,891		3,089,739	3.92	4.27	2,316
2012 total		12,869	12,619	6,858,098	118	6,215,468	4.14	4.06	2,207

QUESTION:

Please provide FPL's forecasts of the emission amounts for CO₂, SO₂, NO_x and Hg at SJRPP by year through 2052.

RESPONSE:

Please see the attached document which provides FPL's emission forecasts for CO₂, SO₂, NO_x and Hg by year through 2052.

QUESTION:

Please provide FPL's emission price forecasts for CO2, SO2, NOx and Hg by year through 2052.

RESPONSE:

Please see the attached document which provides FPL's emission price forecasts for CO2, SO2, NOx and Hg by year through 2052.

QUESTION:

Please provide ICF's CO₂ emission price forecasts by year through 2052.

RESPONSE:

Please see attached document for the three CO₂ emission price forecasts produced by ICF and used by FPL. ICF projected CO₂ prices by year through 2050. For the years 2051 and 2052, FPL used an escalation rate of 2.5% using the year 2050 as the base. Please see FPL's response to Staff's First Set of Interrogatories No. 26 which describes these scenarios.

QUESTION:

Please refer to the Testimony FPL Witness Bores, page 5. Please provide FPL's commodity, transportation, and delivered fuel price forecasts (exclusive of hedging) for both coal and natural gas used in support of FPL's proposed SJRPP Transaction.

RESPONSE:

Please see the attached document which provides FPL's commodity, transportation, and delivery fuel price forecasts for both coal and natural gas used in support of FPL's proposed SJRPP Transaction.

QUESTION:

Please provide the most recent five years of monthly commodity, transportation, and delivered prices for both coal and natural gas in terms (nominal or real) consistent with Staff First Request for Production of Documents, No. 10.

RESPONSE:

Please see the attached spreadsheet, portions of which are confidential.

SJRPP 000867

Commodity Cost - Gas (\$/mmbtu) ^{1 2}												
Year	January	February	March	April	May	June	July	August	September	October	November	December
2012	\$3.03	\$2.66	\$2.38	\$2.19	\$2.14	\$2.49	\$2.90	\$3.07	\$2.71	\$3.11	\$3.55	\$3.66
2013	\$3.36	\$3.27	\$3.58	\$4.08	\$4.18	\$4.14	\$3.74	\$3.48	\$3.60	\$3.55	\$3.55	\$3.96
2014	\$4.45	\$5.70	\$4.88	\$4.63	\$4.74	\$4.60	\$4.32	\$3.84	\$3.95	\$3.93	\$3.80	\$4.07
2015	\$3.11	\$2.85	\$2.85	\$2.55	\$2.59	\$2.78	\$2.77	\$2.84	\$2.62	\$2.46	\$2.02	\$2.08
2016	\$2.32	\$2.13	\$1.69	\$1.86	\$1.94	\$2.09	\$2.89	\$2.69	\$2.84	\$2.92	\$2.65	\$3.26

Transportation Cost - Gas (\$/mmbtu) ³												
Year	January	February	March	April	May	June	July	August	September	October	November	December
2012	\$0.080	\$0.070	\$0.064	\$0.087	\$0.086	\$0.097	\$0.114	\$0.123	\$0.106	\$0.091	\$0.100	\$0.102
2013	\$0.094	\$0.093	\$0.103	\$0.141	\$0.151	\$0.152	\$0.139	\$0.131	\$0.133	\$0.097	\$0.096	\$0.106
2014	\$0.120	\$0.148	\$0.131	\$0.126	\$0.131	\$0.127	\$0.118	\$0.105	\$0.105	\$0.115	\$0.105	\$0.113
2015	\$0.089	\$0.082	\$0.083	\$0.103	\$0.104	\$0.112	\$0.112	\$0.117	\$0.108	\$0.090	\$0.075	\$0.079
2016	\$0.083	\$0.078	\$0.068	\$0.071	\$0.072	\$0.078	\$0.103	\$0.100	\$0.102	\$0.089	\$0.078	\$0.093

Delivered Cost - Gas (\$/mmbtu) ⁴												
Year	January	February	March	April	May	June	July	August	September	October	November	December
2012	\$3.11	\$2.73	\$2.44	\$2.28	\$2.23	\$2.59	\$3.01	\$3.19	\$2.82	\$3.20	\$3.65	\$3.76
2013	\$3.46	\$3.36	\$3.68	\$4.22	\$4.33	\$4.29	\$3.88	\$3.62	\$3.73	\$3.65	\$3.65	\$4.07
2014	\$4.57	\$5.84	\$5.01	\$4.75	\$4.87	\$4.73	\$4.44	\$3.94	\$4.05	\$4.04	\$3.91	\$4.18
2015	\$3.19	\$2.93	\$2.93	\$2.66	\$2.70	\$2.89	\$2.88	\$2.96	\$2.72	\$2.55	\$2.10	\$2.16
2016	\$2.40	\$2.21	\$1.76	\$1.93	\$2.01	\$2.17	\$2.99	\$2.79	\$2.94	\$3.01	\$2.73	\$3.35

Notes:

1 - Commodity Cost includes basis

2 - Commodity Cost is a function of the natural gas mmbtu purchased at various upstream locations.

3 - Transportation includes a weighted average loss factor for FGT and Gulfstream

4- Calculation: Sum of Commodity and Transportation Costs

SJRPP 000868

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Commodity Cost - Scherer 4 (\$/ton)												
2	Year	January	February	March	April	May	June	July	August	September	October	November	December
3	2012												
4	2013												
5	2014												
6	2015												
7	2016												
8													
9	Transportation Cost - Scherer 4 (\$/ton)												
10	Year	January	February	March	April	May	June	July	August	September	October	November	December
11	2012												
12	2013												
13	2014												
14	2015												
15	2016												
16													
17	Delivered Cost - Scherer 4 (\$/ton)												
18	Year	January	February	March	April	May	June	July	August	September	October	November	December
19	2012	\$38.92	\$40.20	\$40.81	\$41.31	\$41.06	\$41.06	\$40.52	\$39.70	\$40.45	\$39.78	\$39.94	\$39.59
20	2013	\$40.05	\$40.33	\$40.22	\$40.83	\$41.42	\$40.16	\$40.93	\$40.53	\$40.91	\$41.93	\$42.34	\$42.35
21	2014	\$42.17	\$41.93	\$42.13	\$43.00	\$43.90	\$44.16	\$43.69	\$44.43	\$44.39	\$42.97	\$43.24	\$42.55
22	2015	\$41.92	\$39.31	\$38.31	\$38.66	\$38.23	\$37.95	\$38.67	\$39.25	\$39.29	\$38.41	\$38.45	\$38.51
23	2016	\$39.67	\$39.56	\$39.10	\$39.17	\$38.87	\$38.84	\$38.25	\$38.47	\$38.35	\$37.50	\$37.85	\$0.00

Notes:

Source - FPSC Form 423

SJRPP 000869

A	B	C	D	E	F	G	H	I	J	K	L	M
Commodity Cost - SJRPP - Rail (\$/ton)												
Year	January	February	March	April	May	June	July	August	September	October	November	December
2012												
2013												
2014												
2015												
2016												

Transportation Cost - SJRPP - Rail (\$/ton)												
Year	January	February	March	April	May	June	July	August	September	October	November	December
2012												
2013												
2014												
2015												
2016												

Delivered Cost - SJRPP - Rail (\$/ton)												
Year	January	February	March	April	May	June	July	August	September	October	November	December
2012	\$75.05	\$76.06	\$77.23	\$77.23	\$77.45	\$76.28	\$77.25	\$77.23	\$77.23	\$77.23	\$77.37	\$77.44
2013	\$78.84	\$78.78	\$78.77	\$78.98	\$78.90	\$78.60	\$78.77	\$78.77	\$78.77	\$78.77	\$78.77	\$78.77
2014	\$79.65	\$79.76	\$79.76	\$79.76	\$79.83	\$78.82	\$79.06	\$78.45	\$78.78	\$79.76	\$79.76	\$79.76
2015	\$75.79	\$88.00	\$88.00	\$88.50	\$88.50	\$88.50	\$88.50	\$88.50	\$88.50	\$88.50	\$88.50	\$88.50
2016	\$90.07	\$90.07	\$90.07	\$90.07	\$90.07	\$90.07	\$90.07	\$90.07	\$90.07	\$90.07	\$90.07	\$90.07

Notes:

Source - FPSC Form 423

SJRPP 000870

	A	B	C	D	E	F	G	H	I	J	K	L	M
1													
2	Delivered Cost - SJRPP - Vessel (\$/ton)												
3	Year	January	February	March	April	May	June	July	August	September	October	November	December
4	2012												
5	2013												
6	2014												
7	2015												
8	2016												

Notes:

Source - FPSC Form 423

FPL purchases Vessel Delivered coal at an all in delivered price

FPL's Responses to OPC's First Set of Interrogatories Nos. 3-9

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20170123-EI EXHIBIT: 12
PARTY: STAFF – (DIRECT)
DESCRIPTION: FPL's Responses to OPC's
First Set of Interrogatories
Nos. 3-9

QUESTION:

On page 5, lines 5-12 of his testimony, Mr. Ferguson states that the reason the CCR Clause is the appropriate recovery venue for the Shutdown Payment Regulatory Asset is that the CCR is the mechanism by which FPL currently recovers the cost of the Article 8 PPA. Why is it not appropriate to recover some of the cost of the shutdown payment through base rates since the plant investment and many other SJRPP costs are included in base rates?

RESPONSE:

One of FPL's primary objectives of this transaction was to provide a basis for shutting down the SJRPP early and thus facilitate the early termination of FPL's obligations under the existing JOA, the most prominent of which is the out-of-the-money power purchase agreement (PPA). Early termination of the PPA will allow FPL to avoid costly annual operations and maintenance payments for the benefit of its customers. The shutdown payment was negotiated with that primary purpose in mind, and even after including recovery of the termination payment in the Capacity Clause, the early shutdown provides for immediate savings for customers as seen on Exhibit SRB-1. The recovery of the Shutdown Payment Regulatory Asset through the Capacity Clause is consistent with the treatment of termination payments for similar FPL transactions (Cedar Bay and Indiantown) recently approved by the Commission that involved out-of-the-money PPAs.

QUESTION:

On page 7, lines 14-17 of his testimony, Mr. Ferguson states:

FPL requests the Commission to authorize the creation of a regulatory asset for the unrecovered investment (the "Early Retirement Regulatory Asset"), and to begin amortization of the Early Retirement Regulatory Asset at the time base rates are next adjusted in a general base rate case.

Please explain why it is reasonable to start the amortization of the regulatory asset 4 years after the time that the plant is retired instead of beginning in January 2018.

RESPONSE:

FPL has consistently requested and received Commission approval to commence capital recovery schedules for unrecovered retired assets at the time when FPL next resets its base rates, in order to align amortization with recovery through rates. This is evident in the Commission's approval of capital recovery schedules in FPL's 2009, 2012, and 2016 base rate cases, in Order Nos. PSC-10-0153-FOF-EI, PSC-13-0023-S-EI and PSC-16-0560-AS-EI, respectively. FPL's proposed treatment for recovery of the remaining net book value for SJRPP is completely consistent with this precedent.

QUESTION:

On page 6, lines 13-16, Mr. Ferguson states:

Once dismantlement is complete, FPL is obligated under the terms of the Asset Transfer and Contract Termination Agreement that governs the SJRPP Transaction to assign its interest in the land, transmission switchyard and certain rail facilities to JEA without separate consideration paid to FPL.

Please explain how turning over these facilities without any compensation is reasonable for the ratepayers.

RESPONSE:

FPL disagrees with the characterization that it is turning over SJRPP facilities to JEA without compensation. While the Asset Transfer and Contract Termination Agreement (ATA) does not provide specific, separate compensation for the transfer of the residual assets to JEA, this is a small, negotiated component of the overall transaction that unlocks significant value for FPL's customers. Moreover, after dismantlement and remediation are completed, the SJRPP site will be raw industrial land in the heart of JEA's service territory with limited commercial value to FPL, and the facilities being kept by JEA are to serve only JEA's needs. In fact, if FPL were to maintain its ownership interest in the transferred assets, it would continue to be liable for the annual property tax obligation on the site as well as any environmental liability that might arise for activities that occur after closing. It is to FPL's and its customers' benefit to terminate those liabilities by transferring its interest to JEA upon the completion of dismantlement and remediation activities. Moreover, after dismantlement and remediation are completed, the SJRPP site will be raw industrial land in the heart of JEA's service territory with limited commercial value to FPL, and the facilities being kept by JEA are to serve only JEA's needs. In fact, if FPL were to maintain its ownership interest in the transferred assets, it would continue to be liable for the annual property tax obligation on the site as well as any environmental liability that might arise for activities that occur after closing. It is to FPL's and its customers' benefit to terminate those liabilities by transferring its interest to JEA upon the completion of dismantlement and remediation activities.

QUESTION:

On page 8, lines 10-16, Mr. Ferguson states:

Historically, FPL has requested and received Commission approval to recover capital recovery schedules at the same time base rates are adjusted. Therefore, FPL requests permission to begin recovery of the capital recovery schedule for both the base and ECR Clause unrecovered investments when base rates are next adjusted in a general base rate case. Pursuant to the terms of FPL's 2016 rate case settlement, FPL does not expect this to be earlier than January 1, 2021.

- (a) Please explain what the projected impacts will be to base rate earnings for the years 2018 through 2020.
- (b) If amortization of these amounts began in 2018, does FPL project that the annual amortization would cause FPL to earn below its authorized rate of return on its base rates?
- (c) Please provide the calculations to show the impact such amortization, if it began in 2018, would have on FPL's rate of return.

RESPONSE:

- a) If FPL were to begin amortization of the remaining net book value in 2018, there would be a potential impact to FPL's rate of return. Taking into account the \$143 million of unrecovered base SJRPP assets only, amortization would equate to approximately \$14.3 million annually from 2018-2020, or roughly \$43 million over the remaining term of FPL's 2016 Settlement Agreement.
- b) At the time the 2016 Settlement Agreement was negotiated, FPL did not contemplate incurring an additional \$43 million in amortization expense. While this additional amortization expense would likely not cause FPL to fall outside of the authorized range, FPL believes that it is in the interest of the Commission and all parties to encourage, not discourage, cost-saving innovations during the term of the stipulation. Therefore, it is appropriate to defer commencement of the amortization until base rates are next reset in a general rate proceeding.
- c) Based on a calculation utilizing the April 2017 Earnings Surveillance Report, the Company estimates that the amortization of the base portion of the remaining net book value of SJRPP would decrease FPL's rate of return by approximately 6 basis points. The impact the earlier start to the amortization (if it began in 2018) would have on earnings cannot be stated with precision at this time, as certain financial metrics necessary to that projection are not yet available. However, FPL would expect the amortization to have a similar impact on its 2018 rate of return as has been projected based upon 2017 calculations shown in the chart below.

See also FPL's response to OPC's Interrogatory No. 6(b) explaining that requiring current amortization would be both unfair and create disincentives to customer-benefitting innovations.

Florida Power & Light Company
Docket No. 170123-EI
OPC's 1st Set of Interrogatories
Interrogatory No. 6
Page 2 of 2

	Reference	April 2017 ESR
Sch. 4.1 Juris Adj. 13-month average - Common Equity Balance	A	\$ 13,993,791,740
	B	1.00%
After Tax 100 basis points	$C = (A * B)$	\$ 139,937,917
\$14.3MM NOI impact due to SJRPP Amortization	D	\$ (8,783,775)
Estimated ROE basis point impact due to SJRPP Amortization	$F = (D / (C/100))$	(6.28)

QUESTION:

On page 11, lines 1-4, Mr. Ferguson states: "In 2017 the suspension liability is overaccrued; therefore, FPL is refunding approximately \$9.1 million a year to customers as a reduction to the total amount of expenses collected through the CCR Clause."

- (a) Over how many years will this approximately \$9.1 million be refunded to ratepayers?
- (b) How many total years has any over-accrual of the suspension liability been refunded to customers?
- (c) Please explain how this suspension liability refund is currently being flowed-through to customers.

RESPONSE:

- a) As reflected in the Capacity Clause filings, FPL has been refunding the over accrual in the suspension liability based on the new suspension estimates since 2013. For 2015 through 2016, the refund amount was approximately \$9.1 million on an annual basis. For 2017 FPL expects to refund the same amount of \$9.1 million. At December 31, 2017, FPL estimates that the remaining over accrued balance in the suspension liability will be approximately \$9.9 million, which FPL is proposing to recover over the remaining term of the PPA consistent with the other PPA-related items in this transaction (i.e., Shutdown Payment Regulatory Asset, deferred interest and dismantlement reserve related to the PPA).
- b & c) As reflected in the Capacity Clause filings, the following amounts have been refunded to customers, which have served to reduce total expenses collected through the Capacity Clause: 2013 - \$10.3 million, 2014 - \$8.9 million, 2015 - \$9.1 million and 2016 - \$9.1 million. Note, these amounts do not include the associated return on the outstanding suspension liability balance which is also calculated monthly and passed on to customers as a reduction to capacity expenses.

QUESTION:

On page 15, lines 3-5, Mr. Ferguson states: "As part of the SJRPP Transaction, FPL will assign any remaining fuel inventory balance to JEA at zero cost, which will result in a loss to FPL for that amount."

- (a) Please explain why this transfer will be made at zero cost to JEA.
- (b) Please describe the market, if any, for the unused coal inventory valued at \$1,293,915, and whether any consideration been included to offset the projected loss for any salvage value for the inventory?

RESPONSE:

- a & b) While the Asset Transfer and Contract Termination Agreement (ATA) does not provide specific, separate compensation for the transfer of the unused coal inventory to JEA, this is a small, negotiated component of the an overall transaction that unlocks significant value for FPL's customers. Moreover, the specific quality of the coal and the limited options for transporting it to other facilities diminish if not eliminate whatever residual value it might have to FPL.

QUESTION:

FPL witness testimonies do not mention how the balance of deferred income taxes related to the SJRPP are being treated from an accounting perspective, or how the retirement of these deferred taxes that have previously been paid by customers is being addressed in the loss on the early abandonment of plant. Please provide the balance of deferred taxes related to these assets and how those liabilities should be used to offset the loss, if any.

RESPONSE:

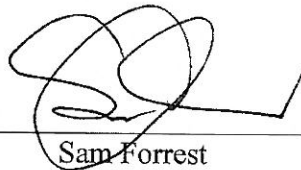
FPL estimates there will be a \$64 million deferred tax liability associated with FPL's 20% ownership in the SJRPP assets as of December 31, 2017. At the time the plant is retired, FPL will write-off the remaining pre-tax basis in the assets of approximately \$24 million, thereby increasing FPL's deferred tax liability by \$8 million (See sum of deferred tax liabilities in entries 2 and 4 on Exhibit KF-2) for a total deferred tax liability of \$72 million (See entry 5 on Exhibit KF-1). This \$72 million total deferred tax liability will turn around over the same ten-year period as the amortization of the related regulatory assets.

FPL includes deferred taxes as a component of capital structure at a zero-cost of capital. As such, the deferred tax liability associated with this transaction will be included in FPL's capital structure, reducing FPL's overall weighted average cost of capital, thus providing a benefit to customers. The impact to FPL's deferred income tax liabilities, along with all other base rate items in this transaction, will be reflected in FPL's earnings surveillance reports after the transaction takes place.

DECLARATION

I sponsored the answer to Interrogatory Nos. 1, 2, 5, and 8 from OPC's First Set of Interrogatories (Nos. 1-9) to Florida Power & Light Company in Docket No. 170123-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



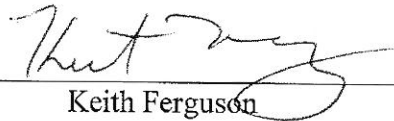
Sam Forrest

Date: 6/26 /17

DECLARATION

I sponsored the answer to Interrogatory Nos. 3, 4, 7 and 9 from OPC's First Set of Interrogatories (Nos. 1-9) to Florida Power & Light Company in Docket No. 170123-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Keith Ferguson

Date: 6/26/2017

DECLARATION

I sponsored the answer to Interrogatory No. 6 from OPC's First Set of Interrogatories (Nos. 1-9) to Florida Power & Light Company in Docket No. 170123-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Scott Bores

Date: 7/10/2017

13

FPL's Responses to OPC's Second Set of Interrogatories Nos. 10-13, and 15

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20170123-EI EXHIBIT: 13
PARTY: STAFF – (DIRECT)
DESCRIPTION: FPL's Responses to OPC's
Second Set of Interrogatories
Nos. 10-13, and 15

QUESTION:

For Question 10-13, please refer to FPL's response to Staff's Interrogatory 54 and the Excel spreadsheet attachment regarding the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset. Please explain what factors and assumptions were chosen to show why FPL's calculated Cumulative Present Value of Revenue Requirements (CPVRR) net difference between beginning the amortization in 2021 as opposed to 2018 is zero when the nominal increase in savings to customers is \$43.6 million.

RESPONSE:

The nominal savings of \$43.6 MM is calculated as the sum of the annual revenue requirements without taking into account the time value of money. In its filing, FPL proposed to defer amortization of the Early Retirement and Asset Transfer regulatory assets until base rates are next reset, which was assumed to be 2021 for purposes of the analysis. By deferring amortization, FPL continues to earn its weighted-average cost of capital ("WACC") on the unamortized balance; however, those revenue requirements are also discounted by the same WACC to arrive at the present value. As such, there is no impact to CPVRR because the discount rate is equal to the return on capital.

Although the nominal total will differ depending on when the amortization starts, the CPVRR will not be impacted by differing amortization dates as the unamortized balance both earns a return and is discounted back to present value at the WACC.

QUESTION:

For Question 10-13, please refer to FPL's response to Staff's Interrogatory 54 and the Excel spreadsheet attachment regarding the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset. Please provide a detailed description of all changes made to the CPVRR calculation by line item to reflect the amortization of the regulatory asset beginning in 2018 instead of 2021.

RESPONSE:

Changing the amortization start date to 2018 instead of 2021 affects the following line items in the CPVRR calculation: Depreciation and Amortization, Interest Expense, Return on Equity and Income Taxes. Each of these line items represents the incremental difference between the SJRPP transaction case scenario and the base case scenario, which assumes no SJRPP transaction. Starting amortization in 2018 will increase Depreciation and Amortization expense in the short-term but will have no change on the nominal total. As the unamortized balance of the Early Retirement and Asset Transfer regulatory assets is reduced at a more accelerated rate, the incremental interest expense, return on equity and income tax costs are all decreased when compared to delaying amortization until 2021. As discussed in FPL's response to OPC's Second Set of Interrogatories No. 10, because the WACC is used to both calculate the return on the unamortized balance as well as discount back to the present value, the increase in CPVRR related to accelerated amortization and associated expense is offset by the decrease in CPVRR related to the lower interest expense, return on equity, and income taxes.

Note: Due to minor simplifications resulting from using a CPVRR financial model based on annual averages, changing the amortization start date in the model to 2018 appears to suggest an increase in the CPVRR benefit of approximately \$1 MM. This is not indicative of what would actually happen if amortization were accelerated, for the reasons FPL articulated in response to OPC's Second Set of Interrogatories No. 10. Therefore, to more clearly reflect the fact that the CPVRR is not impacted by a change in the amortization date, a small adjustment was made to the discount factor such that the total CPVRR remains the same for both the 2018 and 2021 amortization commencement dates.

QUESTION:

For Question 10-13, please refer to FPL's response to Staff's Interrogatory 54 and the Excel spreadsheet attachment regarding the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset. Please provide the calculations used to estimate each line item on this schedule for the CVPRR for the amortization beginning in 2018, with formulas intact and consistent with the spreadsheet provided in FPL's response to OPC's Document Request No. 2, entitled: "St Johns Power Park Economic Model for SRBI Final (Amend v1).xslm".

RESPONSE:

Please refer to the Excel file included in FPL's response to OPC's Second Request for Production of Documents No. 10, which includes separate worksheets for the transaction case scenario where the amortization starts in 2021 ("RevReq_ExitCase_(2021)") and 2018 ("RevReq_ExitCase_(2018)"). Also, refer to the worksheet "Staffs 3rd Set No. 54" which provides a comparison of Exhibit SRB-1 for the 2021 amortization start date, the 2018 amortization start date and the variance between the two cases.

QUESTION:

For Question 10-13, please refer to FPL's response to Staff's Interrogatory 54 and the Excel spreadsheet attachment regarding the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset. Please explain the basis of why FPL reflected net savings in depreciation and amortization in years 2018, 2019, 2020 and 2031 in its CVPRR for Amortization Beginning in 2021. If these estimated benefits in 2018-2020 and 2031 were removed what impact would that have on the CPVRR.

RESPONSE:

The net savings in depreciation and amortization ("D&A") in the CPVRR calculation for amortization beginning in 2021 represents the reduction in depreciation expense from retiring existing assets and not incurring future capital expenditures. Removing the D&A benefits in an arbitrary manner would increase customer revenue requirements, not just by the D&A amounts, but also increased interest expense, return on equity and income taxes. FPL does not believe it is appropriate to remove these estimated benefits as they represent D&A expense that will ultimately be incurred post-2021 as the accelerated amortization begins.

QUESTION:

FPL's CPVRR calculation assumes that FPL will implement a base rate increase in 2021. If FPL chooses to not file a base rate case for an increase in 2021 or any later date, please state when FPL proposes to begin the amortization of the regulatory asset related to the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset.

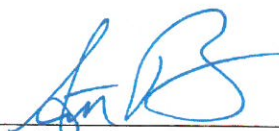
RESPONSE:

FPL proposes to begin amortization of the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset at the time it next resets base rates. Irrespective of that specific date, the overall CPVRR of the transaction will remain unchanged, as demonstrated in FPL's response to Staff's Third Set of Interrogatories No. 54.

DECLARATION

I sponsored the answers to Interrogatory Nos. 10 - 15 from OPC's Second Set of Interrogatories to Florida Power & Light Company in Docket No. 20170123-EI, and the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Scott Bores

Date: _____

8/24/2017

**FPL's Responses to OPC's Second Set of
Production of Documents No. 10**

**Additional files contained on Staff
Hearing Exhibits CD for No. 10**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20170123-EI EXHIBIT: 14
PARTY: STAFF – (DIRECT)
DESCRIPTION: FPL's Responses to OPC's
Second Set of Production of
Documents No. 10

QUESTION:

Please refer to FPL's response to Staff's Interrogatory 54 and the Excel spreadsheet attachment regarding the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset. Please provide the Excel spreadsheet that calculates the values shown on lines 38-57 of the Excel Spreadsheet from FPL's attachment to Staff Interrogatory 54.

RESPONSE:

See the worksheet named "Staffs 3rd Set No. 54" in the attached file.

EXHIBIT NO. __15__

DOCKET NO.: **20170123-EI**

WITNESS:

PARTY:

DESCRIPTION: **Joint Motion for Approval of Settlement Agreement**

PROFFERED BY:

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20170123-EI EXHIBIT: 15
PARTY: Joint Parties
DESCRIPTION: Joint Motion for Approval of
Settlement Agreement

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of arrangement to mitigate unfavorable impact of St. Johns River Power Park, by Florida Power & Light Company

Docket No. 20170123-EI

JOINT MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT

Florida Power & Light Company (“FPL”) and the Office of Public Counsel (“OPC”) (collectively referred to as the “Signatories”) jointly move the Florida Public Service Commission (“Commission”) to review and approve on an expedited basis the attached Stipulation and Settlement (the “Settlement Agreement”) as full and complete resolution of all matters pending in Docket No. 20170123-EI in accordance with Section 120.57(4), Florida Statutes, and to enter a final order reflecting such approval to effectuate implementation of the Settlement Agreement. In support of this Joint Motion, the Signatories state:

1. The Signatories have been engaged in negotiations for the purpose of reaching a comprehensive stipulation and settlement of all issues in Docket No. 20170123-EI, thereby avoiding the uncertainty associated with the outcome on the issues. These negotiations have culminated in the Settlement Agreement attached hereto as Exhibit A. The Signatories request that, following the Commission’s review of this Joint Motion and the Settlement Agreement, the Commission grant the Joint Motion and approve the Settlement Agreement in order to allow for the orderly implementation thereof and provide certainty to the parties and their respective constituents and customers with respect to the outcome of the Consolidated Proceedings.

2. The Settlement Agreement provides, among other things:

- a. FPL’s proposal for early shutdown of the St. Johns River Power Park (“SJRPP”) and early termination of the associated Joint Operating Agreement (“JOA”) with its co-owner JEA (the “SJRPP Transaction”) should be approved as prudent.

- b. Except as specifically set forth in Paragraph 2(c) below, FPL's proposed accounting for the SJRPP Transaction set forth in its May 22, 2017 petition and accompanying prefiled testimony and exhibits should be approved.
- c. Rather than commencing amortization of the base rate portion (\$143,155,659) of the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset at the time that FPL's base rates are next reset in a general rate case and continuing thereafter for ten years as proposed by FPL, the following amortization and recovery of the base-rate portion of those regulatory assets should be approved:
 - i. the amortization will commence on July 1, 2018;
 - ii. the amortization will continue over a 15-year period thereafter;
 - iii. FPL will continue to reflect the annual amortization expense as a base rate expense for earnings surveillance purposes throughout the term of its current base rate settlement agreement and thereafter until the amortization is concluded; and
 - iv. the annual amortization expense and the remaining unamortized balance of the two regulatory assets will be recovered in FPL's next general base rate case.

3. Each of the Signatories agree that it has entered into the Settlement Agreement voluntarily, that the Settlement Agreement fairly and reasonably balances their various positions of the parties on issues in these proceedings, and that the Settlement Agreement serves the best interests of customers and the public interest in general. The Signatories believe that the Settlement Agreement is reasonable and in the public interest because it will help facilitate an orderly and timely shutdown of SJRPP. In turn, this will allow customers to receive the full benefit of customer savings (projected to be \$183 million Cumulative Present Value Revenue

Requirements (“CPVRR”)) and allow Florida to receive the full benefit of the improved emissions profile resulting from early shutdown. Thus, approving the Settlement Agreement is fully consistent with the Commission’s long-standing policy of encouraging the settlement of contested proceedings in a manner that benefits the customers of utilities subject to the Commission’s regulatory jurisdiction.

4. The Signatories request that the Commission rule on this Joint Motion To Approve Settlement as promptly as possible – ideally on September 25, 2017 during the time that is presently scheduled for hearing this proceeding -- so that the SJRPP Transaction may proceed and SJRPP may be shut down as early as January 5, 2018.

WHEREFORE, FPL and OPC respectfully request that the Commission approve the Stipulation and Settlement attached hereto as Exhibit A.

Respectfully submitted,

R. Wade Litchfield
John T. Butler
Kenneth M. Rubin
700 Universe Boulevard
Juno Beach, Florida 33408-0420
*Attorneys for Florida Power & Light
Company*

By: s/ John T. Butler

J. R. Kelly, Public Counsel
Charles J. Rehwinkel
Stephanie Morse
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
*Attorneys for the Citizens
of the State of Florida*

By: s/ J.R. Kelly

CERTIFICATE OF SERVICE

20170123-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished
by electronic mail this 21st day of September 2017 to the following parties:

Jennifer Crawford
Danijela Janjic
Kyesha Mapp
Margo DuVal
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-1400
sbrownle@psc.state.fl.us
Office of the General Counsel
Florida Public Service Commission

J. R. Kelly, Public Counsel
Charles J. Rehwinkel
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111 West Madison Street, Room 812
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Kelly.jr@leg.state.fl.us
Rehwinkel.Charles@leg.state.fl.us
morse.stephanie@leg.state.fl.us
Attorneys for the Citizens
of the State of Florida

By: s/ John T. Butler
John T. Butler

EXHIBIT A

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of arrangement to
mitigate unfavorable impact of St. Johns River
Power Park, by Florida Power & Light
Company

Docket No. 20170123-EI

STIPULATION AND SETTLEMENT

WHEREAS, Florida Power & Light Company (“FPL” or the “Company”) and Citizens through the Office of Public Counsel (“OPC”) have signed this Stipulation and Settlement (the “Agreement”; unless the context clearly requires otherwise, the term “Party” or “Parties” means a signatory to this Agreement); and

WHEREAS, on May 22, 2017, FPL petitioned the Commission to approve as prudent FPL’s proposal for early shutdown of the St. Johns River Power Park (“SJRP”) and early termination of the associated Joint Operating Agreement (“JOA”) with its co-owner JEA (the “SJRP Transaction”), and specifically to approve the following elements of the proposed accounting treatment for the SJRP Transaction (the “SJRP Transaction Accounting”): (1) establishment of a Shutdown Payment Regulatory Asset for FPL’s \$90.4 million payment to JEA, with recovery through the Capacity Cost Recovery (“CCR”) Clause of (a) amortization of the regulatory asset over the remaining term of the power purchase agreement that is Article 8 of the JOA (the “Article 8 PPA”), which expires in October 2021 and (b) a return on the unamortized balance calculated at FPL’s weighted average cost of capital (“WACC”) that is used for adjustment clause proceedings; (2) establishment of an Early Retirement Regulatory Asset for the remaining net book value of FPL’s share of SJRP, with amortization to begin when base rates are next set in a general base rate case and continue over a 10 year period, consistent with the capital recovery schedules approved in FPL’s most recent rate case (recovery of the base

portion of the retired assets would be amortized to base rates, while the Environmental Cost Recovery (“ECR”) Clause portion would be amortized to the ECR Clause, each including a return on the unamortized balance at FPL’s WACC); (3) establishment of the Asset Transfer Regulatory Asset for FPL’s loss on the transfer to JEA of certain retained SJRPP assets at zero cost, with amortization through base rates, including a return on the unamortized balance at FPL’s WACC, to begin when base rates are next set in a general base rate case and continue over the same 10 year period; (4) recovery of fuel-related costs through the Fuel Cost Recovery (“FCR”) Clause, consisting of (a) the loss resulting from FPL’s transfer to JEA of FPL’s ownership share in fuel inventory remaining at the time of shutdown, to be recovered in the year when SJRPP is shut down (expected to be 2018) and (b) costs associated with resolving pending disputes related to rail car delivery of coal to SJRPP, which exist independently of the SJRPP Transaction; and (5) refund to customers through the CCR Clause of the suspension liability, the deferred interest liability and the dismantlement accrual related to the Article 8 PPA; and

WHEREAS, the SJRPP Transaction is projected to result in \$183 million in Cumulative Present Value Revenue Requirements (“CPVRR”) benefits for FPL’s customers, if it is shut down in January 2018 as proposed; and

WHEREAS, the Parties filed prepared testimony with accompanying exhibits and conducted extensive discovery in this proceeding with respect to the SJRPP; and

WHEREAS, the Parties have undertaken to resolve all issues with respect to the SJRPP Transaction in this proceeding so as to help facilitate an orderly and timely shutdown of SJRPP such that the full customer benefits may be achieved; and

WHEREAS, the Parties have entered into this Agreement in compromise of positions taken in accord with their rights and interests under Chapters 350, 366 and 120, Florida Statutes,

as applicable, and as a part of the negotiated exchange of consideration among the parties to this Agreement each has agreed to concessions to the others with the expectation that all provisions of the Agreement will be enforced by the Commission as to all matters addressed herein with respect to all Parties regardless of whether a court ultimately determines such matters to reflect Commission policy, upon acceptance of the Agreement as provided herein and upon approval in the public interest;

NOW THEREFORE, in consideration of the foregoing and the covenants contained herein, the Parties hereby stipulate and agree:

1. The SJRPP Transaction should be approved as prudent.
2. Except as specifically set forth in Paragraph 3 below, the SJRPP Transaction Accounting set forth in FPL's petition and supporting testimony and exhibits should be approved.
3. Instead of commencing amortization of the base rate portion (\$143,155,659) of the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset at the time that FPL's base rates are next reset in a general rate case and continuing thereafter for ten years as proposed by FPL, the base rate-related amortization and cost recovery of those two regulatory assets should be as follows :

- (a) The amortization will commence on July 1, 2018;
- (b) The amortization will continue over a 15-year period thereafter;
- (c) FPL will continue to reflect the annual amortization expense as a base rate expense for earnings surveillance purposes throughout the term of its current base rate settlement agreement and thereafter until the amortization is concluded; and
- (d) The annual amortization expense and the remaining unamortized balance of the

two regulatory assets will be recovered in FPL's next general base rate case.

4. The provisions of this Agreement are contingent on approval of this Agreement in its entirety by the Commission without modification. The Parties agree that approval of this Agreement is in the public interest. The Parties further agree that they will support this Agreement and will not request or support any order, relief, outcome, or result in conflict with the terms of this Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this Agreement or the subject matter hereof. No party will assert in any proceeding before the Commission or any court that this Agreement or any of the terms in the Agreement shall have any precedential value, except to enforce the provisions of this Agreement. Approval of this Agreement in its entirety will resolve all matters and issues in Docket No. 20170123-EI, pursuant to and in accordance with Section 120.57(4), Florida Statutes. This docket will be closed effective on the date the Commission Order approving this Agreement is final, and no Party shall seek appellate review of any order issued in these Dockets.
5. This Agreement is dated as of September 21, 2017. It may be executed in counterpart originals, and a scanned .pdf copy of an original signature shall be deemed an original.

In Witness Whereof, the Parties evidence their acceptance and agreement with the provisions of this Agreement by their signature.

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408

By: _____

John T. Butler

Office of Public Counsel
J.R. Kelly
The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400

By: _____

J. R. Kelly