

130198-EI

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FPSC - COMMISSION CLERK

EXHIBIT B

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Comparison of Construction Costs of Various Pipeline Projects vs. FPL RFP Response Estimated Costs

Sponsor	Project	FERC Docket	Construction Completion Year	Estimate Source (Document Filed in Support of FERC Certificate Application Docket)	Pipeline Diameter	Loop or Greenfield	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
							Calculated Unit Pipe Cost (\$MM/Mile)	Calculated HP Unit Cost (\$/HP)	Pipeline Unit Cost (\$/Mile)	HP Cost (\$/HP)
Southeast Supply Header	SESH Pipeline	CP07-45	2008	Post Construction Report	36 in / 42 in.	Greenfield	\$ 3.58	\$2,410	\$4.47	\$3,010
Florida Gas Transmission	FGT Phase VIII	CP09-17	2011	Post Construction Report	24 - 42	Greenfield/Loop	\$ 4.31	\$1,713	\$5.00	\$1,987
ETC Tiger Pipeline LLC	ETC Tiger Pipeline Project	CP09-460	2011	Post Construction Report	42 in.	Greenfield	\$ 3.66	\$2,032	\$4.25	\$2,356
Ruby Pipeline, L.L.C.	Ruby Pipeline, L.L.C.	CP09-54	2011	Post Construction Report	42 in.	Greenfield	\$ 5.03	\$1,435	\$5.83	\$1,664
Fayetteville Express Pipeline, LLC	Fayetteville Express Pipeline	CP09-443	2011	Post Construction Report	42 in.	Greenfield	\$ 4.07	\$1,924	\$4.72	\$2,231
Tennessee Gas Pipeline	Northeast Upgrade Project	CP11-161	2013	Exhibit K	30 in.	Loop	\$ 7.17	\$3,807	\$7.92	\$4,202
Gulf South	Southeast Market Expansion	CP13-96	2014	Exhibit K	24 in. / 30 in.	Greenfield/Loop	\$ 2.81	\$2,201	\$3.09	\$2,371
Texas Eastern	TEAM 2014	CP13-84	2014	Exhibit K	36 in.	Loop	\$ 6.81	\$3,687	\$7.37	\$3,971

FPL RFP Bidder Response	RFP Project Response	Pipeline Diameter	Loop or Greenfield	Calculated Unit Pipe Cost (\$MM/Mile)	Calculated HP Unit Cost (\$/HP)	Pipeline Unit Cost (\$/Mile)	HP Cost (\$/HP)
1 Bidder 1	Northern Pipeline Project - Phase I (400,000 MMBtu/day in 2017)	36	Greenfield				
2 Bidder 2	Northern Pipeline Project - Phase I (400,000 MMBtu/day in 2017)	36	Greenfield				
3 Bidder 3	Northern Pipeline Project - Phase I (400,000 MMBtu/day in 2017)	30	Greenfield				
4 Bidder 4	Northern Pipeline Project - Phase I (400,000 MMBtu/day in 2017)	36	Greenfield				
5 Bidder A (i)	Southern Pipeline Project - Phase I (400,000 MMBtu/day in 2017)	30	Greenfield				N/A
6 Bidder A (ii)	Southern Pipeline Project - Phase I (400,000 MMBtu/day in 2017)	36 / 30	Greenfield				N/A
7 Bidder A (iii)	Southern Pipeline Project - Phase I (400,000 MMBtu/day in 2017)	36	Greenfield				N/A
8 Bidder B (indicative estimate)	Southern Pipeline Project - Phase I (400,000 MMBtu/day in 2017)	30	Greenfield				N/A

Forecast of Real Disposable Income Per Household

A B C D E
 AVERAGE ANNUAL GROWTH

HISTORY (1992 to 2012) 1.01 1.4%

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HISTORY

		<u>Absolute</u>	<u>Growth</u>	<u>%</u>
1992	60.35			
1992	60.62	0.3		0.4%
1993	61.66	1.0		1.7%
1994	62.60	0.9		1.5%
1995	63.96	1.4		2.2%
1996	64.53	0.6		0.9%
1997	64.98	0.4		0.7%
1998	67.86	2.9		4.4%
1999	68.73	0.9		1.3%
2000	70.84	2.1		3.1%
2001	71.10	0.3		0.4%
2002	72.89	1.8		2.5%
2003	73.76	0.9		1.2%
2004	76.37	2.6		3.5%
2005	77.45	1.1		1.4%
2006	81.13	3.7		4.8%
2007	82.23	1.1		1.4%
2008	83.29	1.1		1.3%
2009	79.89	-3.4		-4.1%
2010	80.72	0.8		1.0%
2011	81.07	0.4		0.4%
2012	80.79	-0.3		-0.4%

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	<u>Forecast</u>	<u>Absolute</u>	<u>Growth</u>	<u>%</u>
2013				
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2015				
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Forecast of the Consumer Price Index for Energy

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AVERAGE ANNUAL GROWTH

C

HISTORY (1992 to 2012)

4.3%

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HISTORY

		<u>Growth</u> <u>%</u>
	102	
1992	103	0.5%
1993	104	1.2%
1994	105	0.4%
1995	105	0.6%
1996	110	4.7%
1997	112	1.3%
1998	103	-7.8%
1999	107	3.6%
2000	125	16.8%
2001	129	3.7%
2002	122	-5.8%
2003	137	12.3%
2004	151	10.8%
2005	177	16.9%
2006	197	11.0%
2007	208	5.7%
2008	236	13.7%
2009	193	-18.1%
2010	212	9.5%
2011	244	15.2%
2012	240	-1.5%

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	<u>Forecast</u>	<u>Growth</u> <u>%</u>
2013		
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- 1.30 **FGT Suwannee Interconnection** shall be as defined in Section 8.2.2(c).
- 1.31 **Florida Southeast Connection or "FSC"** shall mean the pipeline originating at a proposed interconnection with the Sabal Trail Pipeline in Osceola County, Florida at 28 15'39.70" N, 81 33' 24.68" W, or at a location otherwise mutually agreed upon by Transporter and the FSC, and terminating at Shipper's Martin Plant.
- 1.32 **Foundation Shipper** ^(A) [REDACTED]
- 1.33 **FPL Generation Plant Site Locations** shall mean any electric generation facility owned and operated by Florida Power & Light Company.
- 1.34 **FPSC** shall mean the Florida Public Service Commission.
- 1.35 **FPSC Order** shall mean a final non-appealable order from the FPSC acceptable to Shipper, in Shipper's sole discretion, that Shipper may recover from its customers all payments to be made for FT Service under this Precedent Agreement, the Service Agreement, the Negotiated Rate Agreement or otherwise and all payments made for firm transportation service under the FSC agreements.
- 1.36 **FT Service** shall mean the firm transportation service provided by Transporter to Shipper as specified herein.
- 1.37 **FT Service Rate** shall mean the rate applicable to the FT Service for the Primary Term and, if applicable, for any Automatic Extension under the Service Agreement.
- 1.38 **Fuel Cost Recovery Clause** shall mean the fuel and purchased power cost recovery clause established by the FPSC, or any modification or replacement therefor.
- 1.39 **Gas Day** shall be as defined by the North American Energy Standards Board (currently beginning at 9:00 AM and ending at 9:00 AM central clock time).
- 1.40 **Guarantor** shall mean any entity with an Investment Grade Credit Rating that guarantees, in substantially the same form attached as Exhibit C, the Transporter's performance under this Precedent Agreement or the Service Agreement (and any extension thereof).
- 1.41 **Gulfstream** shall mean Gulfstream Natural Gas System, L.L.C.
- 1.42 **Gulf South** shall mean Gulf South Pipeline Company, LP.
- 1.43 **Hub Interconnections** shall be as defined in Section 4.5.

those set forth in the Negotiated Rate Agreement.

4.2.3 Shipper's rate shall not be subject to Transporter's execution or provision of service to other shippers, nor any minimum level of service in addition to that agreed to with Shipper and shall not be subject to any costs in connection with the Lease Agreement, except as otherwise explicitly provided for herein or in the Negotiated Rate Agreement.

4.3 Within sixty (60) days following execution of this Precedent Agreement, Transporter shall hold an open season seeking additional third-party commitments for firm transportation capacity on the Sabal Trail Pipeline ("**Open Season**").

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4.4 The Parties agree that Shipper, pursuant to this Precedent Agreement, is a Foundation Shipper of the Sabal Trail Pipeline. To the extent that Transporter offers a Negotiated Reservation Rate or Discounted Rate to any other shipper that is more favorable than Shipper's Negotiated Reservation Rate for Equivalent Service, Transporter must offer to provide the more favorable rate to Shipper, subject to and as provided for in the terms and conditions set forth in the Negotiated Rate Agreement.

4.5 On the Commencement Date, Transporter shall provide a wheeling service ("**Hub Wheeling Service**") between the Sabal Trail Pipeline, the FSC, the Principal FGT Interconnection, and the Principal Gulfstream Interconnection (collectively the "**Hub Interconnections**") which will allow shippers, including without limitation Shipper, to (a) receive on an interruptible basis all or any portion of the Transporter's Certificated Capacity (unless limited by the certificated capacity of the interconnecting pipeline) from any of the Hub Interconnections (shippers shall have the right to allocate such receipts in any combination among the Hub Interconnections) and (b) transport and deliver such quantity to any of the Hub Interconnections (shippers shall have the right to allocate such deliveries in any combination among the Hub Interconnections). The Hub Wheeling Service will be filed with FERC as a rate schedule as part of Transporter's Tariff and shall be provided to shippers at a defined tariff rate.

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4.6 Transporter agrees that for the period commencing on the Execution Date and continuing until the Commencement Date that Transporter will not make any modification to Transporter's Tariff that would have an adverse effect on Shipper or would otherwise be inconsistent with this Precedent Agreement without Shipper's consent, which consent shall not be unreasonably withheld, conditioned or delayed, with the exception of any such modification that Transporter makes to comply with a FERC mandate. During the Primary

Term of the Service Agreement Transporter will provide Shipper prior written notice before Transporter makes a filing with FERC to modify Transporter's Tariff, other than annual filings that are required pursuant to Transporter's Tariff or modifications that are required by FERC.

5. **Optional Quantity.**

5.1 In addition to and not in limitation of the MDQ, Shipper has the right but not the obligation on or before January 1, 2020 to elect up to an additional quantity of 200,000 MMBtu/day ("**Initial Optional Quantity**") at the price that is specified in the Negotiated Rate Agreement ("**Initial Optional Quantity Price**") [REDACTED]

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[REDACTED] Shipper's requested in-service date for such quantity must be at least forty-eight (48) months but no later than sixty (60) months after the date Shipper exercises the option for the Initial Optional Quantity. Deliveries of the Initial Optional Quantity will be at flexible hourly flow rates with the right to nominate at any level between a minimum hourly quantity of zero (0) MMBtu per hour and a maximum hourly quantity (in MMBtu per hour) calculated as equal to five percent (5%) of the elected Initial Optional Quantity (in MMBtu per day) provided that the sum total of gas flowing during any Gas Day does not exceed the Initial Optional Quantity. The Parties agree that if Shipper elects the Initial Optional Quantity Transporter's obligations to construct facilities and to commence service for such Initial Optional Quantity shall be subject to the terms and conditions of a precedent agreement substantially in the form of this Precedent Agreement with, to the fullest extent possible, only those changes that are required to reflect the Initial Optional Quantity Price and such other terms that are directly applicable and necessary to reflect the Initial Optional Quantity (such as the construction of any required facilities), which shall be executed by the Parties, provided the precedent agreement for such Initial Optional Quantity shall not include provisions regarding (i) Completion Security or any other right or obligation described in Sections 9 or 10 of this Precedent Agreement, (ii) a most favored nations or similar right, or (iii) a transportation rate adjustment or delay damages as described in Attachment 1 of this Precedent Agreement.

5.2 Shipper has the right, but not the obligation, on or before January 1, 2024, to elect up to an incremental quantity of 200,000 MMBtu/day ("**Second Optional Quantity**") at the price that is specified in the Negotiated Rate Agreement (the "**Second Optional Quantity Price**") [REDACTED]

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[REDACTED] Shipper's requested in-service date for such quantity must be at least forty-eight (48) months but no later than sixty (60) months after the date Shipper exercises the option for the Second Optional Quantity. Deliveries of the Second Optional Quantity will be at flexible hourly flow rates with the right to nominate at any level between a minimum hourly quantity of zero (0) MMBtu per hour and a maximum hourly quantity (in MMBtu per hour) calculated as equal to five percent (5%) of the elected Second Optional Quantity (in MMBtu/day) provided that the sum total of gas flowing during any Gas Day does not exceed the Second Optional Quantity. The Parties agree that if Shipper elects the Second Optional Quantity Transporter's obligations to construct facilities and to commence service for such Second

6.1. If Shipper shall waive any such Conditions Precedent, each such waiver shall also apply to and be binding upon Transporter. Shipper shall provide Transporter notice within ten (10) days following the satisfaction of each individual Condition Precedent set forth in Section 6.1.

6.3 Transporter shall have received or finalized:

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[REDACTED]

6.4 Only Transporter shall have the right to waive the Conditions Precedent set forth in Section 6.3. If Transporter shall waive any such Condition Precedent, each such waiver shall also apply to and be binding upon Shipper. Transporter shall provide Shipper notice within ten (10) days following the satisfaction of each individual Condition Precedent set forth in Section 6.3.

6.5 If any Condition Precedent has not been fully satisfied or waived by Shipper or Transporter, respectively, on or before the earlier of the applicable date specified therein or August 1, 2016, then in any and all such cases, either Shipper or Transporter may thereafter terminate this Precedent Agreement by giving sixty (60) days prior written notice to the other Party of its intention to terminate. Such termination shall be without liability therefor or further liabilities or performance obligations hereunder or under the Service Agreement; provided that if such Condition Precedent is satisfied or waived within such sixty (60) day notice period, then the termination notice and termination will be deemed rescinded and will be of no force or effect.

7. **Diligent Construction.**

7.1 Upon acceptance of the FERC Certificate and the satisfaction of any applicable conditions precedent set forth in such FERC Certificate (and provided that all Conditions Precedent have been satisfied or waived), Transporter shall:

7.1.1 proceed diligently to construct Transporter's Facilities, the Primary Delivery Point, and Bidirectional Interconnections subject to Section 8.2.4 (and any other facilities authorized pursuant to the FERC Certificate and necessary to

- (a) FGT by **May 1, 2016**, pursuant to which FGT and Transporter agree to construct, or cause to be constructed, and operate a new bidirectional interconnection between FGT's thirty (30) inch mainline facilities in Osceola County, Florida and Transporter's facilities ("**Principal FGT Interconnection**");
- (b) Gulfstream by **January 1, 2015**, pursuant to which Gulfstream and Transporter agree to construct, or cause to be constructed, and operate a new bidirectional interconnection between Gulfstream's twenty-four (24) inch mainline facilities in Osceola County, Florida and Transporter's facilities ("**Principal Gulfstream Interconnection**"); and
- (c) FGT by May 1, 2016, pursuant which FGT and Transporter agree to construct, or cause to be constructed, and operate a new bidirectional interconnection between FGT's thirty (30) inch mainline facilities in Suwannee County, Florida and Transporter's facilities ("**FGT Suwannee Interconnection**").

8.2.3 Delivery Points: The Delivery Points listed in Section 8.2.3(a) and (b) shall be designed to enable the Sabal Trail Pipeline to deliver a quantity up to the Certificated Capacity of the Sabal Trail Pipeline unless otherwise agreed by the parties.

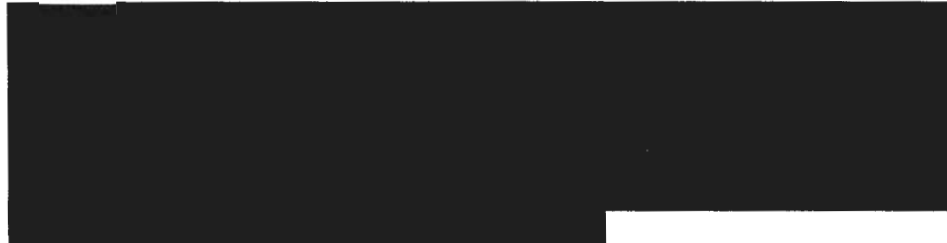
- (a) Primary Delivery Point: FSC by **May 1, 2016**, pursuant to which FPL and Transporter agree that Transporter will construct, or cause to be constructed, and operate a new delivery interconnection between the FSC facilities located in Osceola County, Florida and Transporter's facilities; and
- (b) Alternate Delivery Points: The FPL generation plant locations near Palatka, Florida, and/or Sanford, Florida ("Alternative Delivery Point") within ninety (90) days after the date Shipper notifies Transporter in writing that Shipper desires firm transportation under the Service Agreement to such location, pursuant to which Shipper and Transporter shall mutually agree (i) on the terms and conditions to be applicable for Transporter to construct, or cause to be constructed, and operate a new delivery interconnection between Shipper's facilities and Transporter's facilities which will allow Transporter to deliver an agreed upon quantity to such location; and (ii) upon the transportation rate to be applicable to such service as a result of such additional facilities.

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8.3 Transporter shall submit to Shipper an integrated Sabal Trail Pipeline schedule, including without limitation details of Transporter's plan to meet Major Milestones (the "**Schedule**"), for Shipper's review within sixty (60) days of the execution of this Precedent Agreement. The Schedule shall be reasonably acceptable to Shipper and shall identify key licensing, permitting, purchasing, construction, start-up, and testing milestone dates and activities. Transporter shall notify Shipper of any changes in the Schedule within ten (10) days after such changes are determined. Transporter shall submit progress reports to Shipper, such reports to be:

- 8.3.1 substantially similar to reports provided to the FERC (or in such other form as Shipper may reasonably request),
- 8.3.2 submitted every calendar month until the Commencement Date or the earlier termination of this Precedent Agreement, and
- 8.3.3 consistent with the requirements of Section 2.1.6, hereof (the "**Progress Reports**").

Progress Reports shall, at a minimum, include a detailed explanation of progress made towards the Major Milestones. Progress Reports shall detail any expected delays in achieving any of the Major Milestones by their respective Projected Completion Dates, and in the event that a Major Milestone is not achieved by its Projected Completion Date to the reasonable satisfaction of the Shipper, the Transporter shall immediately provide an updated Progress Report further detailing the reasons for the delay and what remedial measures have and are being taken to return the Sabal Trail Pipeline to schedule.

8.4 Shipper shall have the right to monitor the construction, start-up, and testing of Transporter's Facilities, either on-site or off-site; provided, if Shipper desires to monitor any aspect of the Transporter's Facilities on-site, Shipper shall first schedule such on-site visit with Transporter and Shipper shall be required to comply with all of Transporter's safety requirements and procedures that are being uniformly applied to other third-parties. Shipper's technical review and inspections of Transporter's Facilities and resulting requests, if any, shall not be construed as an endorsement of the design thereof or as any warranty as to the safety, durability, or reliability of Transporter's Facilities.

9. **Completion Security.**

9.1 Transporter shall post two hundred million dollars (US \$200,000,000.00) with the Shipper

Election”), either (i) the Negotiated Reservation Rate will be subject to adjustment (a **“Rate Adjustment”**) as provided in Attachment 1 (and Transporter shall provide Shipper a revised Negotiated Rate Agreement with the applicable rate reduction commensurate with Transporter’s delay), or (ii) Shipper shall be entitled to draw upon the Completion Security for liquidated damages (**“Delay Damages”**) as provided for in Attachment 1. Transporter will provide Shipper with its Delay Election within five (5) Business Days of Shipper’s Delay Notice. Transporter’s failure to provide the Delay Election within such time period shall constitute a waiver of the election and Shipper may elect the Rate Adjustment or the Delay Damages by written notice to Transporter.

10.2 Notwithstanding Section 10.1, failure by the Transporter to:

- 10.2.1 maintain at any and all times valid and sufficient Completion Security in accordance with this Precedent Agreement;
- 10.2.2 increase the amount of Completion Security in accordance with Section 9.2;
- 10.2.3 achieve a Critical Milestone, excluding the Expected Commencement Date, within one hundred and eighty (180) days after its Projected Completion Date; or
- 10.2.4 achieve the Commencement Date within one year after the Expected Commencement Date,

Shall, subject to the provisions of Section 10.3, each be grounds for Shipper to:

- (a) terminate this Precedent Agreement without liability to Transporter therefor and without any further liabilities or performance obligations to Transporter hereunder; and
- (b) retain without encumbrance, demand immediate payment, draw upon (as it chooses) and own outright as liquidated damages, any existing Completion Security, whether such Completion Security is in the form of cash, guaranty or a Letter of Credit.

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Exhibit HCS-2

Page 25 of 62 is Confidential in its Entirety

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11. Survival of Provisions

Except for Sections 1, 4.1, 4.2, 4.5, 4.6, 5, 11, 14, 15, 16, 20.4, 20.5, 20.6, 20.7 and 21 which shall survive any termination of this Precedent Agreement, this Precedent Agreement shall terminate in accordance with its express terms on the Commencement Date (if any) and, thereafter, Transporter's and Shipper's rights and obligations related to the FT Service contemplated herein shall be as set forth in the Service Agreement, Negotiated Rate Agreement, and Transporter's Tariff. In the event of a conflict between the Service Agreement, Negotiated Agreement or

13.6 except for the receipt of the Transporter Approvals, there are no actions, suits or proceedings pending or, to Transporter's knowledge, threatened against or affecting Transporter that would materially adversely affect the ability of Transporter to meet and carry out its obligations hereunder.

14. Assignment.

14.1 Any company that succeeds by purchase, merger, or consolidation to substantially all of the assets and properties of Transporter or Shipper will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Precedent Agreement. Otherwise, neither Shipper nor Transporter may assign any of its rights or obligations under this Precedent Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld, delayed or conditioned. Notwithstanding the foregoing and upon thirty (30) day's prior written notice, no consent shall be required for:

14.1.1 Any assignment of this Precedent Agreement by Transporter or Shipper to any lender as collateral security for obligations under the financing documents entered into with such lender and, with respect to Transporter, in connection with financing the costs of Sabal Trail Pipeline. In order to facilitate such financing, Transporter or Shipper, as appropriate, shall execute such consent, provided, such lender's request shall not materially adversely affect any of Transporter's or Shipper's rights, benefits, risks and obligations under this Precedent Agreement. Transporter or Shipper, as appropriate, shall reimburse the other Party for the reasonable and documented expenses (including without limitation fees and expenses of counsel) incurred by such Party in the preparation, negotiation, execution and delivery of such consent, agreement or similar documents.

14.1.2 Any permanent assignment by Shipper of all or part of its rights, interests and obligations under this Precedent Agreement to any Affiliate(s) of Shipper; provided, such permanent assignment is in compliance with all necessary FERC regulatory authorizations for providing service to a different shipper and, provided further, if such Affiliate fails to have an Investment Grade Credit Rating, then Shipper shall guarantee all of the obligations of such Affiliate under this Precedent Agreement, the Service Agreement and the Negotiated Rate Agreement for the Primary Term and any Automatic Extension thereof.

15. Creditworthiness.

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16. No Third-Party Beneficiaries.

Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person not a Party hereto any rights, remedies, or obligations under or by reason of this Precedent Agreement.

17. Agreed as between the Parties.

Each and every provision of this Precedent Agreement shall be considered as fully understood and agreed to by the parties and shall not be construed against either Party as a result of the preparations or drafting thereof. It is expressly agreed that no consideration shall be given or presumption made on the basis of who drafted this Precedent Agreement or any specific provision hereof.

18. Notices.

Any notice, request, demand, statement, or bill provided for in this Precedent Agreement, or any

Exhibit HCS-2

Page 53 of 62 is Confidential in its Entirety

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4. Regulatory Approval.

(A) Transporter shall make a filing with the FERC for approval to implement the negotiated rates set forth herein pursuant to the NGA, the FERC's regulations promulgated under the NGA, and the FERC's Statement of Policy Alternatives to Traditional Cost of Service Ratemaking for Natural Gas Transporters and Regulation of Negotiated Transportation Service of Natural Gas Transporters issued January 31, 1996, in Docket Nos. RM95-6-000 and RM96-7-000. This NRA and the negotiated rates set forth herein shall not apply to service under the Service Agreement unless and until the FERC approves or accepts such filing and tariff record without condition and/or modification. Transporter and Shipper agree not to initiate any proceeding before the FERC with respect to an increase or decrease in the negotiated rate during the term of the negotiated rate and, to the extent that any proceeding is initiated, that the Mobile-Sierra Doctrine's "public interest standard" of review will apply.

(B) If the FERC disallows, modifies or conditions approval of any material terms of this NRA, then upon written notification from either party to the other Transporter and Shipper hereby agree that the negotiated rates set forth herein shall not apply to service under the Service Agreement. Instead, Transporter and Shipper agree that in lieu of such negotiated rates, Transporter will charge, and Shipper will pay, Transporter's reservation Recourse Rate discounted, pursuant to this NRA, to the level set forth herein, plus all applicable maximum usage Recourse Rates then in effect, and all applicable charges and surcharges, including, but not limited to, the SBA surcharge, and Transporter's Use percentage (as revised annually or more often) pursuant to the terms of Transporter's Tariff in effect from time to time, as all such charges, surcharges and percentages are in effect from time to time for service under Transporter's Rate Schedule FTS. In the event that the discounted recourse rates apply in lieu of the negotiated rates, Transporter shall not charge a rate for service under the Service Agreement that is greater than or less than the respective maximum or minimum recourse rates on file with the Commission for service under the Service Agreement. In addition, such discounted recourse rates shall be subject to all of the limitations and other conditions set forth in this NRA as if the discounted recourse rates were the negotiated rates for purposes of this NRA.

EXHIBIT A

Statement of Negotiated Rates*

(* Numbers followed by a "/" refer to the corresponding footnote below)

Shipper: Florida Power & Light Company

Contract Number: _____ 1/ 2/ 3/

Term of Negotiated Rate: 4/

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Receipt Points: Transco Zone 4 Pool, MEP and Gulf South 10/

Delivery Points: Downstream Pipeline Project, as defined in the Precedent Agreement 11/

Quantity: The MDQ of the Service Agreement, as specified in the Service Agreement

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2/ Upon the expiration of the Primary Term or, if there shall be any Automatic Extensions, upon the expiration of the last such Automatic Extension, and upon the expiration of the last evergreen roll-over period under the Service Agreement, Transporter confirms that Shipper will have a contractual right-of-first-refusal to retain the full amount of capacity, or any portion of the MDQ thereof, subject to the then-applicable provisions of Transporter's Tariff.

3/ Each capitalized term herein that is not otherwise defined herein shall have the meaning defined for such term in the Precedent Agreement between Transporter and Shipper related to the Service Agreement or, if such term is not defined in such Precedent Agreement, then the term shall have the meaning defined for the term in Transporter's Tariff.

4/ The term of this Negotiated Rate Agreement shall commence on the Commencement Date of the Service Agreement and shall continue thereafter for the Primary Term of the Service Agreement, and if applicable, any Automatic Extension(s) of the Service Agreement.

5/ The Reservation Rate is stated in \$/Dth of MDQ per day.

6/ This Reservation Rate shall be applicable for service under the Service Agreement during the Primary Term of the Service Agreement.

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9/ In addition to the foregoing, Shipper agrees to pay any future surcharge or other charge pursuant to any FERC approved cost recovery mechanism of general applicability implemented in a generic proceeding or in an implementing Transporter-specific proceeding, which mechanism recovers cost components not reflected in Transporter's initial recourse rates applicable to the Service Agreement.


10/ In addition to the primary receipt point(s) specified in the Service Agreement, this negotiated rate shall apply to receipts at all other points on a secondary basis.

11/ In addition to the primary delivery point specified in the Service Agreement, this negotiated rate shall apply to deliveries at all other points on a secondary basis.

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filing time requirements, (ii) the length of time they remain valid once issued or (iii) their local nature (for example, road crossing and other construction and building-related permits on the final approved construction route).

- 1.17 **Equivalent Service** shall be as defined in the Negotiated Rate Agreement.
- 1.18 **Excused Delay** shall be as defined in Section 10.3.4.
- 1.19 **Expected Commencement Date** shall be as defined in Section 3.
- 1.20 **FERC** shall mean the Federal Energy Regulatory Commission.
- 1.21 **FERC Certificate** shall mean a certificate of public convenience and necessity from the FERC approving the Florida Southeast Connection Pipeline Project as detailed in this Precedent Agreement.
- 1.22 **FERC Certificate Application** shall mean the application for the FERC Certificate filed by the Transporter with FERC for authorization to construct, own and operate the Florida Southeast Connection Pipeline Project pursuant to this Precedent Agreement, and any amendments thereto; provided such application and any amendments thereto are consistent with, and preserve the rights and benefits to Shipper, under this Precedent Agreement.
- 1.23 **FERC Certificate Notice** shall mean a written notice provided by Transporter to Shipper upon Transporter's acceptance of the FERC Certificate.
- 1.24 **FERC Pre-Filing Process Request** shall mean the application necessary to initiate the FERC process leading toward filing of the FERC Certificate Application.
- 1.25 **Foundation Shipper** ^(A) 
- 1.26 **FPSC** shall mean the Florida Public Service Commission.
- 1.27 **FPSC Order** shall mean a final non-appealable order from the FPSC acceptable to Shipper, in Shipper's sole discretion, that Shipper may recover from its customers all payments to be made for FT Service under this Precedent Agreement, the Service Agreement, the Negotiated Rate Agreement or otherwise and all payments made for firm transportation service under the Sabal Trail Pipeline agreements.

- 4.1.9 Service pursuant to the Service Agreement shall commence on the Commencement Date.
- 4.2 Transporter agrees that Shipper shall have no reimbursement obligation to Transporter pursuant to Transporter's Tariff with regard to the Florida Southeast Connection Pipeline Project or the provision of FT Service as described herein, including, without limitation, with regard to those facilities described in Section 8.2, hereof and that such covenants and agreements shall be set forth and maintained in the Service Agreement or Negotiated Rate Agreement, as applicable; provided, that the reimbursement obligations as set forth in Transporter's Tariff may apply with regard to any interconnections or other facilities that may be added in the future at the request of Shipper, either solely or in conjunction with third-party shippers. During the Primary Term and each extension or roll-over period, Shipper shall pay Transporter for the FT Service only the rates elected pursuant to this Section 4.2, and such rates shall reflect the following principles:
- 4.2.1 Transporter shall provide promptly the FERC Certificate Notice and Shipper shall have the one-time option, exercisable upon written notice to Transporter within thirty (30) days following its receipt of the FERC Certificate Notice, to elect to pay as the FT Service Rate:
- (a) Transporter's maximum Recourse Rates, transportation charges, surcharges and fuel applicable to the FT Service for the Primary Term and each Automatic Extension and roll-over period, as such maximum Recourse Rates, transportation charges, surcharges and fuel are amended or revised from time to time, and as are reflected in Transporter's Tariff; or
 - (b) the rates as specified in the whole of the Negotiated Rate Agreement which rates shall include: (1) either the Negotiated Reservation Rate or the Discounted Rate; (2) the fuel retention as stated in Transporter's Tariff as applicable to the Transporter's Rate Schedule FT; and (3) the effect of rate reductions pursuant to Attachment 1 and the Negotiated Rate Agreement and only those costs, fees, charges, surcharges, or other expenses that are referenced in the Negotiated Rate Agreement.
- 4.2.2 Shipper's rate shall not be subject to Transporter's execution or provision of service to other shippers, nor any minimum level of service in addition to that agreed to with Shipper, except as otherwise explicitly provided for herein or in the Negotiated Rate Agreement.
- 4.3 Within sixty (60) days following execution of this Precedent Agreement, unless otherwise agreed to by Shipper, Transporter shall hold an open season seeking additional third-party commitments for firm transportation capacity on the Florida Southeast Connection Pipeline Project ("**Open Season**").

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4.4 The Parties agree that Shipper, pursuant to this Precedent Agreement, is a Foundation Shipper of the Florida Southeast Connection Pipeline Project. To the extent that Transporter offers a Negotiated Reservation Rate or Discounted Rate to any other shipper that is more favorable than Shipper's Negotiated Reservation Rate for Equivalent Service, Transporter must offer to provide the more favorable rate to Shipper, subject to and as provided for in the terms and conditions set forth in the Negotiated Rate Agreement.

4.5 Transporter agrees that for the period commencing on the Execution Date and continuing until the Commencement Date that Transporter will not make any modification to Transporter's Tariff that would have an adverse effect on Shipper or would otherwise be inconsistent with this Precedent Agreement without Shipper's consent, which consent shall not be unreasonably withheld, conditioned or delayed, with the exception of any such modification that Transporter makes to comply with a FERC mandate. During the Primary Term of the Service Agreement Transporter will provide Shipper prior written notice before Transporter makes a filing with FERC to modify Transporter's Tariff, other than annual filings that are required pursuant to Transporter's Tariff or modifications that are required by FERC.

5. **Optional Quantity.**

5.1 In addition to and not in limitation of the MDQ, Shipper has the right but not the obligation on or before January 1, 2020 to elect up to an additional quantity of 200,000 MMBtu/day ("**Initial Optional Quantity**") at the rate that is the result of the calculations specified on Attachment 1 of this Precedent Agreement ("**Initial Optional Quantity Price**").

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Shipper's requested in-service date for such quantity must be at least forty-eight (48) months but no later than sixty (60) months after the date Shipper exercises the option for the Initial Optional Quantity, unless otherwise agreed to by Transporter and Shipper. Deliveries of the Initial Optional Quantity will be at flexible hourly flow rates with the right to nominate at any level between a minimum hourly quantity of zero (0) MMBtu per hour and a maximum hourly quantity (in MMBtu per hour) calculated as equal to five percent (5%) of the elected Initial Optional Quantity (in MMBtu per day) provided that the sum total of gas flowing during any Gas Day does not exceed the Initial Optional Quantity. Transporter and Shipper

shall amend the Service Agreement to reflect the Initial Optional Quantity, or enter into a new Service Agreement, as applicable, and amend the Negotiated Rate Agreement or enter into a new Negotiated Rate Agreement, as applicable, to provide for the new Negotiated Rate applicable to the Shipper's MDQ plus the Initial Optional Quantity upon fifteen (15) days after Transporter acceptance of the FERC Certificate increasing the Certificated Capacity as a result of the Initial Optional Quantity.

- 5.2 Shipper has the right, but not the obligation, on or before January 1, 2024, to elect up to an incremental quantity of 200,000 MMBtu/day ("**Second Optional Quantity**") at the rate schedule that is the result of the calculations specified on Attachment 1 of this Precedent Agreement (the "**Second Optional Quantity Price**").

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Shipper's requested in-service date for such quantity must be at least forty-eight (48) months but no later than sixty (60) months after the date Shipper exercises the option for the Second Optional Quantity, unless otherwise agreed to by Transporter and Shipper. Deliveries of the Second Optional Quantity will be at flexible hourly flow rates with the right to nominate at any level between a minimum hourly quantity of zero (0) MMBtu per hour and a maximum hourly quantity (in MMBtu per hour) calculated as equal to five percent (5%) of the elected Second Optional Quantity (in MMBtu/day) provided that the sum total of gas flowing during any Gas Day does not exceed the Second Optional Quantity. Transporter and Shipper shall amend the Service Agreement to reflect the Second Optional Quantity, or enter into a new Service Agreement, as applicable, and amend the Negotiated Rate Agreement or enter into a new Negotiated Rate Agreement, as applicable, to provide for the new Negotiated Rate applicable to the Shipper's MDQ plus the Second Optional Quantity upon fifteen (15) days after Transporter acceptance of the FERC Certificate increasing the Certificated Capacity as a result of the Second Optional Quantity.

- 5.3 In addition to Sections 5.1 and 5.2, Transporter further agrees that Shipper, as a Foundation Shipper, shall have the right to request Transporter to construct additional expansion capacity. Subsequent to Transporter's receipt of Shipper's request, the Parties agree to negotiate in good faith in an attempt to reach an agreement on the terms and conditions of a mutually agreeable precedent agreement to accomplish such requested expansion at a mutually agreeable rate.

6. Conditions Precedent.

Transporter's obligation to construct the Florida Southeast Connection Pipeline Project and Transporter's obligation to commence, and Shipper's right to receive, FT Service under the Service Agreement and any other specified obligations under this Precedent Agreement that are expressly made subject to satisfaction or waiver of all of the following conditions are expressly made subject to satisfaction or waiver of all of the following

conditions (any or all of such conditions, until the waiver or satisfaction thereof, the “Conditions Precedent”):

6.1 Shipper shall have received or finalized:

- 6.1.1 approval of the Precedent Agreement by the board of directors of Shipper’s parent-company on or before July 26, 2013;
- 6.1.2 the FPSC Order on or before June 1, 2014;
- 6.1.3 written confirmation from Transporter on or before April 1, 2014 that Transporter has filed the FERC Pre-Filing Process Request;
- 6.1.4 notification, on or before August 1, 2016, from the Sabal Trail Pipeline sponsor that the project has received FERC authorization to commence construction; and
- 6.1.5 written confirmation from Transporter on or before August 1, 2016 that Transporter has accepted the FERC Certificate, subject to any extension of such date pursuant to Section 10.3 but any such extension shall not extend such date beyond August 1, 2017.

6.2 Only Shipper shall have the right to waive the Conditions Precedent set forth in Section 6.1. If Shipper shall waive any such Conditions Precedent, each such waiver shall also apply to and be binding upon Transporter. Shipper shall provide Transporter notice within ten (10) days following the satisfaction of each individual Condition Precedent set forth in Section 6.1.

6.3 Transporter shall have received or finalized:

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6.4 Only Transporter shall have the right to waive the Conditions Precedent set forth in Section 6.3. If Transporter shall waive any such Condition Precedent, each such waiver shall also apply to and be binding upon Shipper. Transporter shall provide

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11. Survival of Provisions

Except for Sections 1, 4.1, 4.2, 4.5, 4.6, 5, 11, 14, 15, 16, 20.4, 20.5, 20.6, 20.7 and 21 which shall survive any termination of this Precedent Agreement, this Precedent Agreement shall terminate in accordance with its express terms on the Commencement Date (if any) and, thereafter, Transporter's and Shipper's rights and obligations related to the FT Service contemplated herein shall be as set forth in the Service Agreement, Negotiated Rate Agreement, and Transporter's Tariff. In the event of a conflict between the Service Agreement, Negotiated Agreement or Transporter's Tariff and the surviving provisions of this Precedent Agreement, to the fullest extent permitted by law, the surviving provisions of this Precedent Agreement shall take precedence.

12. Shipper Representations.

Shipper represents and warrants that:

- 12.1 it is duly organized and validly existing under the laws of the State of Florida and has all requisite legal power and authority to execute this Precedent Agreement and carry out the terms, conditions and provisions thereof;
- 12.2 this Precedent Agreement constitutes the valid, legal and binding obligation of Shipper, enforceable in accordance with the terms hereof;
- 12.3 there are no actions, suits or proceedings pending or, to Shipper's knowledge, threatened against or affecting Shipper before any Court or administrative body that would materially adversely affect the ability of Shipper to meet and carry out its obligations hereunder; and
- 12.4 the execution and delivery by Shipper of this Precedent Agreement has been duly authorized by all requisite corporate action (it being understood that Shipper may

execution and delivery of such consent, agreement or similar documents.

14.1.2 Any permanent assignment by Shipper of all or part of its rights, interests and obligations under this Precedent Agreement to any Affiliate(s) of Shipper; provided, such permanent assignment is in compliance with all necessary FERC regulatory authorizations for providing service to a different shipper and, provided further, if such Affiliate fails to have an Investment Grade Credit Rating, then Shipper shall guarantee all of the obligations of such Affiliate under this Precedent Agreement, the Service Agreement and the Negotiated Rate Agreement for the Primary Term and any Automatic Extension thereof.

15. Creditworthiness.

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16. No Third-Party Beneficiaries.

Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person not a Party hereto any rights, remedies, or obligations under or by reason of this Precedent Agreement.

17. Agreed as between the Parties.

Each and every provision of this Precedent Agreement shall be considered as fully understood and agreed to by the parties and shall not be construed against either Party as a result of the preparations or drafting thereof. It is expressly agreed that no consideration shall be given or presumption made on the basis of who drafted this Precedent Agreement or any specific provision hereof.

18. Notices.

Any notice, request, demand, statement, or bill provided for in this Precedent Agreement, or any notice that either Party desires to give to the other, must be in writing and will be considered duly delivered when delivered by registered or certified mail or nationally recognized overnight courier service to the other Party's address set forth below:

18.1 Transporter:

Florida Southeast Connection, LLC
700 Universe Blvd.
Juno Beach, Florida 33408
Attn: President

18.2 Shipper:

Florida Power & Light Company
700 Universe Blvd. [EMT/JB]
Juno Beach, Florida, 33408
Attn: Vice President, Energy Marketing & Trading
Phone: 561/694-3510

With additional copy to:
Florida Power & Light Company
700 Universe Blvd. [EMT/JB]
Juno Beach, Florida, 33408
Attn: EMT Contract Administration
Phone: 561/691-7886

Exhibit HCS-3

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rate(s) agreed to pursuant to this Letter Agreement, and to the extent that any proceeding is initiated, that the Mobile-Sierra Doctrine's "public interest standard" of review will apply.

2. The rates set forth in Exhibit I are applicable for primary firm service utilizing the Primary Point(s) specifically listed in Exhibit A and Exhibit B of the FTS Service Agreement, up to Customer's MDQ and MDHQ, if applicable, as stated in Exhibit C of the FTS Service Agreement. The rates shall also apply to any additional primary and receipt points used on a secondary basis, subject only to available meter capacity so long as such alternative points are within Shipper's contract path.

3. This Letter Agreement shall be effective beginning May 1, 2017 and shall continue in full force and effect through April 30, 2042, for a term of 25 years (the "Primary Term"), subject to the applicable rates set forth on Exhibit I. Upon at least one (1) year written notice by Shipper, this Letter Agreement shall be extended for an additional five (5) years, beginning May 1, 2042 ("Secondary Term") through April 30, 2047, subject to the applicable rates set forth on Exhibit I. Upon at least one (1) year prior written notice, Shipper shall have the right to extend this Letter Agreement for two (2) additional five (5) year Secondary Terms, subject to the applicable rates set forth on Exhibit I. Alternatively, at the end of the Primary Term or at the end of subsequent Secondary Terms, Shipper shall be granted a contractual right of first refusal to be exercised in accordance with the Tariff. Transporter agrees further that Shipper, as a Foundation Shipper pursuant to the Precedent Agreement, shall have the right to request Transporter construct expansion capacity, and to acquire such expansion capacity at a mutually agreed to rate; *provided*, that this expansion right shall not be exercised on a discriminatory basis.

4. The rates set forth herein shall remain in effect for the Primary Term and any Secondary Term of this Letter Agreement without regard to any changes that may occur to Transporter's maximum/minimum rates. If at any time FERC (or a governmental authority) disallows, modifies or conditions approval of any provision of this Letter Agreement and such disallowance, modification or condition has an adverse effect upon a Party, then, upon written notification from one Party to the other, Shipper and Transporter shall negotiate in good faith terms and conditions (including, without limitation, a discounted rate) in order to preserve the economic value to the Parties over the term of this Letter Agreement. Shipper shall be responsible for all fuel charges and the ACA in accordance with the Tariff, but shall not be responsible for any additional surcharges other than ACA, unless such surcharges are mandated by the FERC or governmental authority

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[REDACTED] (A) Transporter shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in the filed rates, charges, and services in the Tariff, including both the level and design of such rates, charges and services and the general terms and conditions therein; *provided*, that Shipper shall have the right to review any such proposed changes to the general terms and conditions thirty (30) days prior to filing.

EXHIBIT I

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(\$/Dth)				
	Contract Year	12 Months Beginning	MDQ 400,000 Dth	MDQ 600,000 Dth
Primary Term	1	5/1/2017	██████	██████
	2	5/1/2018	██████	██████
	3	5/1/2019	██████	██████
	4	5/1/2020	██████	██████
	5	5/1/2021	██████	██████
	6	5/1/2022	██████	██████
	7	5/1/2023	██████	██████
	8	5/1/2024	██████	██████
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	11	5/1/2027	██████	██████
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	16	5/1/2032	██████	██████
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	18	5/1/2034	██████	██████
	19	5/1/2035	██████	██████
	20	5/1/2036	██████	██████
	21	5/1/2037	██████	██████
	22	5/1/2038	██████	██████
	23	5/1/2039	██████	██████
	24	5/1/2040	██████	██████
	25	5/1/2041	██████	██████
Extension Option #1	26	5/1/2042	██████	██████
	27	5/1/2043	██████	██████
	28	5/1/2044	██████	██████
	29	5/1/2045	██████	██████
Extension Option #2	30	5/1/2046	██████	██████
	31	5/1/2047	██████	██████
	32	5/1/2048	██████	██████
	33	5/1/2049	██████	██████
	34	5/1/2050	██████	██████
Extension Option #3	35	5/1/2051	██████	██████
	36	5/1/2052	██████	██████
	37	5/1/2053	██████	██████
	38	5/1/2054	██████	██████
	39	5/1/2055	██████	██████
	40	5/1/2056	██████	██████

Authorized Overrun Service consistent with Transporter's tariff will be provided at \$0.00.