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May 22, 2017

-VIA ELECTRONIC FILING-

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahsee, FL 32399-0850

Re: Florida Power & Light Company's Petition for Approval of Arrangement to Mitigate Unfavorable Impact of St. Johns River Power Park

Dear Ms. Stauffer:

I enclose for electronic filing in the above docket (i) Florida Power & Light Company's ("FPL") Petition for Approval of Arrangement to Mitigate Unfavorable Impact of St. Johns River Power Park, (ii) the prefiled testimony and exhibits of FPL witness Sam Forrest, (iii) the prefiled testimony and exhibits of FPL witness Scott Bores, and (iv) the prefiled testimony and exhibits of FPL witness Keith Ferguson.

Thank you for your assistance. Please contact me should you or your staff have any questions regarding this filing.

Sincerely,

s/ John T. Butler

John T. Butler

Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Florida Power & Light Company's
Petition for Approval of Arrangement To
Mitigate Unfavorable Impact of St. Johns
River Power Park

Docket No.17_____ -EI

Filed: May 22, 2017

**FLORIDA POWER & LIGHT COMPANY'S
PETITION FOR APPROVAL OF ARRANGEMENT
TO MITIGATE UNFAVORABLE IMPACT OF
ST. JOHNS RIVER POWER PARK**

Florida Power & Light Company ("FPL") hereby petitions the Florida Public Service Commission ("FPSC" or the "Commission") for approval of a series of requests detailed more fully below that would allow for the early termination of FPL's obligation to purchase energy and capacity from St. Johns River Power Park Coal Units #1 and #2 ("SJRPP") and permit JEA and FPL to shut down SJRPP. Contingent on FPSC approval, FPL has entered into an Asset Transfer and Contract Termination Agreement (the "ATA") with JEA to terminate the Joint Ownership, Construction and Operation Agreement of SJRPP (the "JOA"). The ATA provides for, among other things, a payment by FPL to JEA of \$90.4 million for shutting down SJRPP as early as January 5, 2018, which will have the effect of terminating early the existing power purchase agreement with JEA that is contained in Article 8 of the JOA (the "Article 8 PPA"). This payment is defined in the ATA as the "Shutdown Payment."¹ The ATA further provides for the dismantlement of SJRPP and the environmental remediation of the SJRPP Site thereafter. The early termination of the JOA, including the Article 8 PPA and the early shutdown, dismantlement and subsequent transfer of ownership interests in SJRPP collectively will be referred to as the "SJRPP Transaction" or "Transaction." The SJRPP Transaction is projected to produce approximately \$183

¹ See Section 2.03(a) of the ATA.

million in savings for FPL customers in cumulative present value revenue requirements (“CPVRR”), starting in Year 1 and continuing thereafter. These significant benefits for customers arise from the elimination of the obligation to purchase energy and capacity from SJRPP and from the elimination of operational costs associated with joint ownership.

Closing the SJRPP Transaction and achieving the related reduction in revenue requirements for FPL customers are contingent on the FPSC’s determination that the Transaction is prudent, and also on FPSC approval of the proposed accounting treatment for the SJRPP Transaction, specifically as follows: (1) establishment of a regulatory asset of approximately \$90.4 million² for the Shutdown Payment (the “Shutdown Payment Regulatory Asset”), with recovery through the Capacity Cost Recovery (“CCR”) Clause of (a) amortization of the regulatory asset over the remaining Article 8 PPA term, 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 a second regulatory asset for FPL’s unrecovered investment associated with its ownership share of the SJRPP assets that are being retired early (the “Early Retirement Regulatory Asset”), with amortization to begin when base rates are next set in a general FPL rate case and continuing 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 in the ECR Clause with a return on the unamortized balance at FPL’s WACC); (3) establishment of a third regulatory asset for the loss resulting from FPL’s

² The Shutdown Payment of \$90.4 million will be funded through a combination of approximately \$51.6 million of cash, and the assignment to JEA of FPL’s cash reserves totaling approximately \$33.7 million held by JEA pursuant to the JOA, and materials & supplies inventory of approximately \$5.1 million (estimated based on March 31, 2017 balances).

transfer to JEA of FPL's ownership share in SJRPP assets that JEA chooses to retain (the "Asset Transfer Regulatory Asset"), with amortization through base rates to begin when FPL base rates are next set in a general rate case and continuing over the same 10 year period; (4) recovery of fuel-related costs through the Fuel and Purchased Power 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 FPL customers of the suspension liability, deferred interest liability and the dismantlement accrual related to the Article 8 PPA, as set forth in Exhibit KF-1, page 2 to the prepared direct testimony of FPL witness Keith Ferguson. The prepared testimony and exhibits of FPL witnesses Sam Forrest, Scott Bores and Keith Ferguson are being filed with this Petition and are incorporated herein.

FPL further requests that the Commission consider this matter and issue an order on this Petition by no later than December 1, 2017, in order to allow for SJRPP to be shut down as early as January 5, 2018 and thus fully realize the projected customer savings. In support of this Petition, FPL states:

1. FPL is a corporation with headquarters at 700 Universe Boulevard, Juno Beach, Florida 33408. FPL is an investor-owned utility operating under the jurisdiction of this Commission pursuant to the provisions of Chapter 366, Florida Statutes. FPL provides generation, transmission, and distribution service to approximately 4.9 million retail customers.

2. Any pleading, motion, notice, order or other document required to be served upon FPL or filed by any party to this proceeding should be served upon the following individuals:

Kenneth A. Hoffman
Vice President Regulatory Affairs
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3. This Petition is being filed consistent with Rule 28-106.201, Florida Administrative Code. The agency affected is the Florida Public Service Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, subparagraph (c) and portions of subparagraphs (b), (e), (f) and (g) of subsection (2) of that rule are not applicable to this Petition. In compliance with subparagraph (d), FPL states that it is not known which, if any, of the issues of material fact set forth in the body of this Petition may be disputed by any others who may plan to participate in this proceeding.

Existing SJRPP JOA and Article 8 PPA

4. SJRPP Coal Units #1 and #2 constitute a 1322 megawatt coal-fired, electric generating plant located in Jacksonville, Florida. This facility is jointly owned and operated by JEA and FPL, with JEA owning an 80% interest and FPL owning the remaining 20% interest. Pursuant to the JOA, FPL takes its 20% share of the generation capacity of SJRPP and has an obligation to purchase an additional 30% of SJRPP's generation capacity from

JEA. FPL therefore controls 50% of SJRPP's dispatch (subject to a megawatt-hour cap) and is responsible for 50% of the operating costs throughout the term of the Article 8 PPA and, thereafter, 20% of such costs.

5. In 1981, the Commission approved FPL's and JEA's joint application for a determination of need for SJRPP. The Commission found that SJRPP "appears to be the best available alternative to the continued use of expensive oil-fired generation, based upon the most reasonable projections of future fuel cost and our appraisal of possible alternatives." Order No. 10108, Docket No. 810045-EI. The Commission has approved recovery through the CCR Clause of FPL's capacity payments to JEA under the Article 8 PPA. *See* Order Nos. PSC-94-1092-FOF-EI, Docket No. 940001-EI and PSC-10-0153-FOF-EI, Docket No. 160021-EI.

6. In order to meet Internal Revenue Service eligibility requirements for JEA to issue municipal bonds at favorable rates for the financing of SJRPP, the JOA provides a total megawatt-hour cap on the amount of energy that FPL may purchase under the Article 8 PPA. Based on current projections, FPL expects that cap to be reached in late 2019. Notwithstanding that FPL will no longer be able to take energy under the Article 8 PPA once the cap is reached, FPL will be required to continue to pay its share of certain costs and expenses under the Article 8 PPA until the Article 8 PPA expires in October 2021.

7. In addition to its obligations under the Article 8 PPA, FPL is obligated under the JOA to pay for its ownership share of the costs of operating SJRPP. In the absence of the ATA, retirement of SJRPP is not projected to occur until 2052.

The Asset Transfer and Contract Termination Agreement

8. FPL and JEA recently finalized negotiations of the ATA. Under the ATA, FPL would pay to JEA the \$90.4 million Shutdown Payment. In return, JEA would shut down SJRPP as early as January 5, 2018, which would have the effect of terminating the above market capacity payments and FPL's other obligations under the Article 8 PPA. As noted in footnote 1 above, the \$90.4 million Shutdown Payment will be funded through a combination of: (a) approximately \$51.6 million of cash; and (b) the assignment to JEA of FPL's cash reserves totaling approximately \$33.7 million held by JEA pursuant to the JOA, and (c) FPL's portion of materials & supplies inventory of approximately \$5.1 million (estimated based on March 31, 2017 balances).

9. FPL and JEA will also enter into contracts, with third parties, for the dismantlement and remediation of the facility and will share the costs of this work in accordance with their respective equity ownership percentages, with FPL currently having reserved \$22 million for its portion. Following dismantlement and remediation, FPL will transfer to JEA at zero cost FPL's interest in certain assets of the SJRPP facilities that JEA has chosen to retain (*i.e.*, land, the electric switchyard, certain railway assets). This transfer will constitute the closing of the transaction.

10. Closing the SJRPP Transaction is conditioned upon the FPSC's approval of both the ATA and FPL's request for the regulatory accounting treatment as described in this Petition and the accompanying testimonies.

Benefits of the SJRPP Transaction

11. The SJRPP Transaction will produce tremendous customer benefits. *First*, the early termination of the JOA and shutdown of SJRPP is projected to yield approximately

\$183 million in CPVRR savings for customers over the analysis period of January 1, 2018 through December 31, 2052. FPL calculated these projected savings by comparing FPL's total system costs assuming the SJRPP Transaction is approved and closes versus FPL's total system costs absent approval of the Transaction (*i.e.*, with the Article 8 PPA remaining in place through the end of its term and the JOA remaining in place until the projected retirement of SJRPP in 2052).

12. FPL analyzed the economic benefits of the SJRPP Transaction under alternate scenarios in which the anticipated fuel and emissions costs were 20 percent greater than and 20 percent less than forecasted. Under all of these scenarios, the SJRPP Transaction is expected to produce customer savings, in amounts ranging from approximately \$57 million to \$310 million.

13. *Second*, the SJRPP Transaction is expected to yield substantial environmental benefits. The SJRPP coal units are high emitters of carbon dioxide ("CO₂") and other pollutants such as sulfur dioxide ("SO₂") and nitrogen oxides ("NO_x"). FPL anticipates that the shutdown of the SJRPP facility will reduce CO₂ emissions in Florida by over 5.6 million tons per year.

Proposed Regulatory Accounting Treatment for the SJRPP Transaction

14. FPL proposes recovery through the establishment of three separate regulatory assets, recovery in the shutdown year for fuel inventory, and refunds to customers for the suspension liability, deferred interest liability and the dismantlement accrual related to the Article 8 PPA. Each of those forms of regulatory accounting is addressed below.

Shutdown Payment Regulatory Asset

15. FPL proposes to treat the Shutdown Payment as a regulatory asset recovered through the CCR Clause that would be amortized over the remaining term of the Article 8 PPA, roughly four years, with a return on the unamortized balance of the Shutdown Payment at the Company's overall WACC that is used for clause investments.

16. More specifically, FPL proposes to establish a regulatory asset for the \$90.4 million Shutdown Payment in recognition of FPL's proposal to defer and recover that specific cost in future rates. The payment will be recorded as a debit to a regulatory asset and amortized on a straight line basis over the remaining term of the Article 8 PPA, approximately four years.

17. The Shutdown Payment Regulatory Asset would be recovered through the CCR Clause, as the CCR Clause is the mechanism through which FPL currently is recovering the Article 8 PPA capacity costs. As discussed by FPL witnesses Keith Ferguson and Scott Bores, the amortization of this regulatory asset and the associated unrecovered balance will be appropriately removed from retail base ratemaking, and FPL would earn a return on the unrecovered asset balance at FPL's WACC through the CCR Clause.

18. This methodology is consistent with the regulatory accounting and cost recovery approved recently for the Cedar Bay Transaction (Order No. PSC-15-0401-AS-EI, Docket No. 150075-EI) and the ICL Transaction (Order No. PSC-16-0506-FOF-EI, Docket No. 160154-EI), in which FPL acquired coal fired facilities through equity purchases for the purpose of terminating FPL's obligations to the prior owners under the related PPAs and also allowing FPL to shut down the facilities.

19. As noted above, FPL will fund the \$90.4 million Shutdown Payment through a combination of cash and the assignment to JEA of reserve balances and materials & supplies inventory.

Early Retirement Regulatory Asset

20. FPL proposes to establish a second regulatory asset for FPL's unrecovered investment in the SJRPP assets that are retired early pursuant to the SJRPP Transaction. FPL estimates that once Units #1 and #2 are retired, FPL will have \$187 million of unrecovered investment associated with the retired assets on its books and records. Of that amount, \$143 million relates to base rates, while the remaining \$44 million relates to investments recovered through the ECR Clause.

21. FPL proposes that recovery of the Early Retirement Regulatory Asset be deferred, with recovery to begin when base rates are next set in a general base rate case. The Early Retirement Regulatory Asset would be recorded as an unrecovered investment, and when amortization begins it would proceed on a straight-line basis for a period of 10 years, with the recovery of the base portion through base rates and the ECR Clause portion through the ECR Clause (including a return on the unamortized balance at FPL's WACC). This amortization period is consistent with the capital recovery schedules approved by the Commission in FPL's 2016 rate case settlement.

Asset Transfer Regulatory Asset

22. FPL proposes to establish a third regulatory asset associated with FPL's transfer to JEA of FPL's ownership share in those SJRPP assets that JEA chooses to retain.

23. Pursuant to the ATA JEA will retain the land, transmission switchyard and certain rail facilities at SJRPP. The unrecovered net book value of FPL's ownership share in

those assets is approximately \$3 million. FPL's transfer of that ownership share at a zero cost would result in a loss of that same amount. FPL proposes to establish the Asset Transfer Regulatory Asset for this loss in recognition of FPL's proposal to defer and recover that specific cost when base rates are next set in a general base rate case, with recovery to be entirely through base rates.

24. FPL proposes to amortize the Asset Transfer Regulatory Asset on a straight-line basis over the same ten-year period recommended for the recovery of the unrecovered investment of retired assets.

Recovery of Fuel-Related Costs

25. As part of the SJRPP Transaction, FPL and JEA have agreed to minimize additional purchases of coal inventory through the shutdown date but anticipate that nonetheless coal inventory will remain at shutdown, with FPL's share being approximately \$1.3 million. FPL will transfer that ownership share to JEA at a zero cost, resulting in a loss of that same amount. FPL proposes to recover this loss through the FCR Clause over the year in which SJRPP is shut down, which is scheduled to be 2018.

26. Throughout the years of SJRPP's operation, consistent with Order No. 14546, Docket No. 850001-EI-B, FPL has recovered through the FCR Clause its share of transportation-related costs for coal delivered to SJRPP. While there will be no further need to transport coal to SJRPP once it is shut down, FPL will remain responsible for its share of costs related to transporting coal prior to shutdown. FPL and JEA currently are involved in two disputes related to coal transportation, one with the rail car lessor and the other with the railway used to deliver the rail cars to SJRPP. These disputes remain pending and are independent of the SJRPP transaction. Consistent with current practice for fuel-

related costs, FPL proposes to recover its share of the cost of resolving those disputes through the FCR Clause.

***Refund to Customers for the Suspension Liability, Deferred Interest Liability and the
Dismantlement Accrual related to the Article 8 PPA***

27. Since 1997, FPL has been accruing a liability to recognize and help mitigate the impact of the Article 8 PPA suspension period that will occur when the megawatt-hour cap is reached. The Company is proposing to transfer the expected balance of the suspension liability as of December 31, 2017 of approximately \$9.9 million to FERC Account 254, Other Regulatory Liabilities, and refund the balance to customers through the CCR Clause over the remaining term of the Article 8 PPA or approximately four years. In addition, FPL would continue to provide customers a return on the suspension liability balance in the CCR Clause until it is completely refunded to customers over the remaining life of the Article 8 PPA. This treatment is appropriate as it is consistent with the current treatment of the suspension liability and the timing of when FPL proposes to collect the regulatory asset for the Shutdown Payment.

28. The deferred interest liability has arisen as a result of JEA utilizing excess bond proceeds to pay bond interest beyond SJRPP's date of commercial operation, with FPL accruing the deferred interest costs that it has collected from customers to FERC Account 253, Other Deferred Credits and then amortizing the deferred interest back as a credit to customers through the CCR Clause. However, not all of the deferred interest liability will have been amortized at the time that SJRPP is expected to be shut down under the ATA. As a result, consistent with the proposed treatment for the refund of the suspension liability, FPL proposes to transfer the unamortized balance as of December 31, 2017 related to the deferred

interest liability of approximately \$12.4 million to FERC Account 254 and refund the balance to customers through the CCR Clause over the four year remaining term of the Article 8 PPA. Unlike the suspension liability, FPL has historically provided a return on the deferred interest liability through base rates and proposes to continue doing so until the deferred interest liability is completely refunded to customers. This treatment is appropriate as it is consistent with how the liability was treated for the purpose of setting base rates in FPL's 2016 rate case.

29. Under the Article 8 PPA, FPL is responsible for 30% of SJRPP dismantlement costs, reflecting the share of the SJRPP output that FPL receives pursuant to the PPA. FPL accrues for this liability and has collected the accrual expense from customers via the CCR Clause. Consistent with the proposed treatment for the refund of the suspension liability and deferred interest liability, the Company is proposing to transfer the balance of the dismantlement liability related to the Article 8 PPA as of December 31, 2017 (approximately \$40 million) to FERC Account 254 and refund the balance to customers through the CCR Clause over the remaining four-year term of the Article 8 PPA. As with the deferred interest liability, FPL has historically provided a return on the dismantlement liability through base rates and proposes to continue doing so until the dismantlement liability is completely refunded to customers. Again, this treatment is appropriate as it is consistent with how the liability was treated for the purpose of setting base rates in FPL's 2016 rate case.

Expedited Treatment

30. FPL requests that the Commission consider this matter and issue an order on this Petition by no later than December 1, 2017, in order to allow for SJRPP to be shut down as early as January 5, 2018 and thus fully realize the projected customer savings. Closing the

SJRPP Transaction is contingent upon a final, non-appealable Commission order approving the requests set forth in this Petition and the accompanying testimony. The \$183 million (CPVRR) in customer savings projected to result from the SJRPP Transaction are premised on shutting the plant down as early as January 5, 2018. Customer savings will diminish if the closing is delayed, because FPL has ongoing payment obligations under the existing Article 8 PPA as well as continuing co-owner obligations until SJRPP is shut down. To facilitate and support the Commission's expedited processing of this Petition, FPL is prepared to expedite responses to data requests or discovery propounded by Commission Staff or other parties to the proceeding consistent with an Order Establishing Procedure that adopts a reasonable time frame for responses less than the 30 days contemplated by the Florida Rules of Civil Procedure.

WHEREFORE, FPL requests that the Commission enter an order approving the SJRPP Transaction as prudent and specifically approving the following elements of the proposed accounting treatment for the SJRPP Transaction: (1) establishment of the Shutdown Payment Regulatory Asset, with recovery through the CCR Clause of (a) amortization of the regulatory asset over the remaining Article 8 PPA term, which expires in October 2021 and (b) a return on the unamortized balance calculated at FPL's WACC that is used for adjustment clause proceedings; (2) establishment of the Early Retirement Regulatory Asset, 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 ECR Clause portion would be amortized to the ECR Clause including a return on the unamortized balance at FPL's WACC); (3) establishment of

the Asset Transfer Regulatory Asset, with amortization through base rates 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 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. FPL requests that the Commission consider this Petition and issue an order by no later than December 1, 2017, so that the parties may move expeditiously toward closing and realize the projected customer savings described herein.

Respectfully submitted,

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s/ John T. Butler

John T. Butler
Florida Bar No. 283479

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF SAM FORREST**

4 **DOCKET NO. 17____ -EI**

5 **MAY 22, 2017**

6

7 **Q. Please state your name and business address.**

8 A. My name is Sam Forrest. My business address is Florida Power & Light
9 Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

10 **Q. By whom are you employed and what is your position?**

11 A. I am employed by Florida Power & Light Company (“FPL” or the
12 “Company”) as Vice President of the Energy Marketing and Trading (“EMT”)
13 Business Unit.

14 **Q. What are your present job responsibilities?**

15 A. I am responsible for the overall direction and management of the EMT
16 Business Unit, which handles FPL’s short-term and long-term fuel
17 management and operations. These fuels include natural gas, residual and
18 distillate fuel oils, and coal. Additionally, EMT is responsible for managing
19 what remains of FPL’s previous fuel hedging program, long-term fuel
20 transportation and storage contracts, power origination activities and short-
21 term power trading and operations. EMT is an active participant in the short-
22 term and long-term natural gas markets throughout the Southeastern United
23 States.

1 **Q. Would you please give a brief description of your educational**
2 **background and professional experience?**

3 A. I hold a Bachelor of Science in Electrical Engineering from Texas A&M
4 University and a Masters of Business Administration from the University of
5 Houston. Prior to being named Vice President of EMT for FPL in 2007, I was
6 employed by Constellation Energy Commodities Group as Vice President,
7 Origination. In this capacity, I was responsible for managing a team of power
8 originators marketing structured electric power products in Texas, the Western
9 United States, and Canada. Prior to my responsibilities in the west, I was
10 responsible for Constellation's business development activities in the
11 Southeast U.S.

12
13 Before joining Constellation, from 2001 to 2004, I held a variety of energy
14 marketing and trading management positions at Duke Energy North America
15 ("DENA"). Prior to DENA, I was employed by Entergy Power Marketing
16 Corp. ("EPMC") in several positions of increasing responsibility, including
17 Vice President – Power Marketing following EPMC's entry into a joint
18 venture with Koch Energy Trading.

19
20 Prior to my entry into the energy sector, I was involved with a successful
21 start-up organization in the automotive industry from 1996 to 1998. From
22 1987 to 1996, I worked for AlliedSignal Aerospace at the Johnson Space
23 Center in Houston, Texas, in increasing roles of responsibility.

1 **Q. What is the purpose of your testimony?**

2 A. My testimony provides an overview and supports FPL's request for approval
3 to recover costs related to FPL's and JEA's agreement to terminate the Joint
4 Ownership, Construction and Operation Agreement ("JOA"), which includes
5 as Article 8 the terms under which FPL purchases power and capacity out of
6 JEA's share of SJRPP (the "Article 8 PPA"). The terms of the parties'
7 agreement are set forth in the Asset Transfer and Contract Termination
8 Agreement, dated May 17, 2017 (the "ATA"). I will refer to the termination
9 of the JOA, including the Article 8 PPA, and the early shutdown,
10 dismantlement, and subsequent transfer of ownership interests in the St. Johns
11 River Power Park ("SJRPP") to JEA as the "SJRPP Transaction." JEA, who
12 is FPL's co-owner in SJRPP, is a community-owned utility serving
13 approximately 458,000 retail customers with 3,747 megawatts in generating
14 capacity. I will describe how SJRPP operates as part of FPL's generation fleet
15 and the factors that led to FPL's and JEA's decision to retire SJRPP early, the
16 commercial terms of the SJRPP Transaction with JEA, the \$183 million
17 Cumulative Present Value of Revenue Requirements ("CPVRR") benefit that
18 FPL customers are expected to receive as a result, and the significant
19 emissions reductions which will result from the shutdown of the plant.

20 **Q. Have you prepared, or caused to be prepared under your direction,
21 supervision, or control, an exhibit in this proceeding?**

22 A. Yes. My Exhibit SAF-1 is the Asset Transfer and Contract Termination
23 Agreement between FPL and JEA, dated May 17, 2017.

1 **Q. Please identify FPL's other witnesses filing direct testimony in this**
2 **proceeding and the areas they cover.**

3 A. The following are FPL's other two witnesses and the areas they cover:

- 4 • Scott Bores, Senior Director of Financial Planning and Analysis, FPL
5 – Calculation of estimated benefits customers will receive as a result
6 of the SJRPP Transaction;
- 7 • Keith Ferguson, Controller, FPL – Regulatory accounting and cost
8 recovery for the SJRPP Transaction.

9 **Q. Please describe the JOA and how FPL receives power from SJRPP.**

10 A. FPL and JEA entered into the JOA in 1982 as an all-encompassing agreement
11 to govern the construction, ownership, and operation of SJRPP. Under the
12 JOA, FPL has a 20% undivided ownership interest in the facility and the
13 facility site and an obligation to purchase from JEA an additional 30% of
14 generation capacity from SJRPP under the Article 8 PPA. As such, FPL has
15 effectively controlled 50% of the facility's dispatch and is responsible for
16 50% of the operating costs.

17

18 Under the Article 8 PPA, FPL is obligated to pay a pro-rata share of JEA's
19 debt associated with certain bonds issued to finance the construction of SJRPP
20 and capital expenditures based on formulas detailed in the JOA. The JOA,
21 inclusive of the Article 8 PPA, has an ultimate termination date in 2021.
22 However, FPL's ability to receive energy under the Article 8 PPA is limited
23 by a total megawatt-hour cap that was included in the JOA in order to

1 preserve JEA's ability to maintain the tax-exempt status of the bonds used to
2 finance construction. The use of the tax-exempt bonds has benefitted both
3 JEA and FPL by reducing the financing costs that are shared by the two
4 utilities. FPL projects that it will reach this megawatt-hour cap in late 2019, at
5 which time the Article 8 PPA will be suspended. During suspension, FPL
6 cannot receive energy under the Article 8 PPA and consequently avoids
7 paying the operating costs for the associated 30% of the site's output.
8 However, up to and even during suspension, FPL must continue to pay its pro-
9 rata share of the debt costs under the Article 8 PPA until the bonds are retired
10 in 2021.

11
12 FPL's ability to utilize its 20% undivided ownership interest is unaffected by
13 the status of the Article 8 PPA, and although the JOA has a termination date in
14 2021, FPL currently has an estimated retirement date of 2052 for SJRPP as
15 explained by FPL witness Ferguson. Absent early retirement, FPL and JEA
16 would need to negotiate either an extension or replacement of the current
17 JOA, to govern their continued co-ownership relations. Because the Article 8
18 PPA megawatt-hour cap is projected to be reached in 2019, but FPL would
19 continue to own a 20% share of SJRPP thereafter, FPL's current system
20 forecast includes 50% of the SJRPP capacity until 2019 and then includes
21 20% of the facility's capacity from that point forward until retirement.

1 **Q. How has the evolution of FPL’s fleet impacted the need for SJRPP?**

2 A. Over the course of the past 15 years, FPL has consistently executed toward the
3 goal of being the cleanest and most efficient utility in the United States. By
4 modernizing and converting a majority of our generation to clean burning
5 natural gas, as well as having a robust solar development program, FPL has
6 saved our customers more than \$8.6 billion in fossil fuel costs as well as
7 prevented 108 million tons of carbon dioxide emissions since 2001. FPL, as
8 part of this effort, evaluates our fleet for continued opportunities to deliver
9 additional customer value. SJRPP was designed as a base-load asset when it
10 entered service in 1988, and although it has operated effectively and reliably
11 since that time, its contributions to FPL’s generation stack have been largely
12 displaced by cleaner and more fuel-efficient natural gas-fired combined cycle
13 units. This displacement has been exacerbated by the substantial decline in
14 the differential between the price of natural gas and the price of coal, with no
15 signs of that differential significantly increasing. As a result of the increased
16 efficiency of the newer natural gas-fired combined cycle units and the
17 substantially reduced fuel price differential between natural gas and coal, the
18 economic advantage that SJRPP provided to FPL’s customers in the early
19 decades of its operation have vanished. Today, SJRPP is one of the highest
20 cost units FPL operates, and it makes sense both economically and
21 environmentally to retire the unit from service.

1 Q. **Is this proposal to retire SJRPP analogous to FPL’s previous petitions**
2 **regarding the Cedar Bay generating plant (“Cedar Bay”) and Indiantown**
3 **Cogeneration, L.P. (“ICL”)?**

4 A. Yes. The decisions to take steps to allow the early retirement of the Cedar
5 Bay (Order No. PSC-15-0401-AS-EI, Docket No. 150075-EI) and ICL (Order
6 No. PSC-16-0506-FOF-EI, Docket No. 160154-EI) coal-fired facilities were
7 driven by the immense benefits FPL’s customers would experience by
8 removing the cost of those facilities from FPL’s generation stack, in addition
9 to the environmental benefit of lowering carbon emissions. In both cases the
10 Commission approved petitions providing for the acquisition of coal fired
11 facilities which had the effect of terminating FPL’s obligations to the prior
12 owners under the related PPAs.

13 Q. **Please describe FPL’s and JEA’s decision to retire and dismantle SJRPP.**

14 A. FPL and JEA actively entered into discussions in late 2016 to retire the
15 facility. Both entities see substantial savings for their customers by removing
16 the ongoing costs related to the SJRPP, not to mention the positive impact that
17 the retirement will have on the state’s emission profile. However, in order to
18 induce JEA to shut down SJRPP early and thus forego its entitlement to fixed
19 payments for the remaining term of the Article 8 PPA, FPL negotiated a
20 settlement amount to compensate JEA for the loss of those fixed payments. I
21 will provide more details on this payment (the “Shutdown Payment”) later in
22 my testimony.

1 **Q. What are the terms of the SJRPP Transaction?**

2 A. At its core, the SJRPP Transaction results in the early termination of FPL's
3 contractual obligations under the existing JOA as well as providing for the
4 retirement and dismantlement of the facility, with subsequent transfer of
5 ownership of the SJRPP site and any remaining portions of the SJRPP facility
6 to JEA. The ATA provides for shutdown of the facility as early as January 5,
7 2018, effectively terminating FPL's obligation to purchase energy and
8 capacity under the Article 8 PPA with a corresponding Shutdown Payment of
9 \$90.4 million from FPL to JEA¹. As part of the conditions to effectuate
10 shutdown, FPL and JEA will enter into contracts for the dismantlement and
11 remediation of the facility and share the costs of this work in accordance with
12 their respective equity ownership percentages, with FPL currently having
13 reserved \$22 million for its portion. As part of the agreement to dismantle,
14 JEA has the right to preserve parts of the facility, at its election, for use in its
15 system going forward. After the facility is dismantled, and the site
16 remediated, FPL will transfer its 20% undivided ownership interest in the site
17 and any remaining facilities to JEA, constituting the closing of the transaction.
18 The accounting and ratemaking treatment associated with the SJRPP
19 Transaction is discussed by FPL witness Ferguson.

¹ The projected January 5, 2018 shutdown date is dependent upon Commission approval of FPL's Petition on the expedited basis requested in the Petition.

1 **Q. Why is JEA retaining some components of the facility after retirement?**

2 A. JEA is retaining facilities that will benefit its transmission system. JEA
3 Transmission has completed a system impact study and the complete register
4 of retained assets, largely related to the substation, is included in the ATA.

5 **Q. What is FPL's long-term exposure to environmental risks associated with**
6 **SJRPP?**

7 A. FPL and JEA have agreed to engage a third-party contractor prior to closing
8 the transaction to remediate the site, in accordance with all applicable
9 environmental laws. FPL expects remediation to largely consist of closing
10 and capping the active coal-ash disposal landfill, and addressing above or
11 below ground regulated hazardous materials that exist under the dismantled
12 portions. All costs of remediation will be borne in accordance with each
13 party's ownership interest in the facility, so FPL's share of the remediation
14 costs is 20%.

15

16 After closing, the parties will jointly monitor those portions of the facility that
17 were jointly dismantled and remediated. However, JEA will solely bear, and
18 indemnify FPL against, any remediation liability or claims that may arise with
19 regards to any portion of the facility that JEA retains or that are deemed to
20 have occurred outside of FPL's ownership period.

1 It is important to keep in mind that, as a joint owner of SJRPP, FPL already
2 has exposure to environmental risks at the facility and would be responsible
3 for its share of remediation costs whenever the facility is retired.

4 **Q. How does this transaction generate savings for FPL's customers?**

5 A. As detailed in the testimony of FPL witness Bores, the \$183 million in
6 expected customer savings are driven by the avoidance of ongoing operating
7 costs related to SJRPP and the termination of the obligations under the JOA
8 including but not limited to energy and capacity payments. As I noted earlier,
9 despite SJRPP being operated effectively and reliably since it came into
10 service, its contribution to the generation stack has been largely displaced by
11 cleaner and more fuel-efficient natural gas-fired combined cycle units. The
12 projected cost avoidance from the proposed shutdown in 2018 until the
13 estimated retirement date in 2052 substantially outweighs the incremental
14 costs incurred to replace the SJRPP generation. Customers will realize a
15 benefit from the SJRPP Transaction starting immediately in year one and for
16 years to come thereafter.

17 **Q. Would the SJRPP Transaction be possible without the \$90.4 million**
18 **Shutdown Payment from FPL to JEA or the transfer of land and**
19 **remaining facilities as part of the consideration?**

20 A. No. As described previously in my testimony, FPL had to compensate JEA
21 for the loss of its entitlement to fixed payments over the remaining term of the
22 Article 8 PPA that will result from the early shutdown of SJRPP. FPL and
23 JEA negotiated the Shutdown Payment as an inducement for JEA to accept

1 the early shutdown and thus allow FPL's customers to benefit from
2 eliminating all go-forward payments under the JOA, including the Article 8
3 PPA. These obligations are primarily debt service payments and a capital cost
4 recovery mechanism for previous investments in the facility. Ultimately, this
5 payment is a key component of the larger transaction and settlement with JEA
6 to remove SJRPP from FPL's portfolio and unlock tremendous value for our
7 customers.

8
9 FPL has likewise agreed to transfer its ownership interests in the land and
10 remaining facilities to JEA at zero cost as part of the negotiated agreement to
11 effectuate FPL's removal from continuing obligations related to SJRPP. After
12 dismantlement and remediation, the site will be raw industrial land in the heart
13 of JEA's service territory with limited commercial value to FPL, and the
14 facilities being kept by JEA are to serve only JEA's needs. In fact, if FPL
15 were to maintain its ownership, it would continue to carry the annual property
16 tax obligation on the site as well as any environmental liability that may arise
17 for activities that occur after closing.

18 **Q. Will retiring SJRPP improve FPL's emissions profile?**

19 A. Yes. In addition to the significant economic benefits customers will
20 experience by retiring SJRPP, Florida's annual emission profile will be
21 reduced by almost 5.6 million tons of CO₂, 10.3 tons of NO_x, and 2.8 tons of
22 SO₂ based on the projected unit dispatch. Upon consummation of this
23 transaction, FPL will generate 97% of its electricity from clean sources.

1 **Q. Does that conclude your testimony?**

2 **A. Yes.**

Execution Version

**ASSET TRANSFER
AND
CONTRACT TERMINATION AGREEMENT**
by and between
FLORIDA POWER & LIGHT COMPANY
and
JEA
Dated as of May 17, 2017

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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.

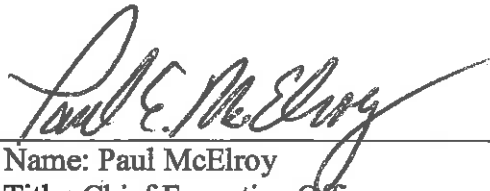
14.17 Further Assurances. Following the Closing, the Parties shall, for no additional consideration, execute and deliver such further instruments of conveyance and transfer and take such additional action as the other Party may reasonably request to effect, consummate, confirm or evidence the transactions 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

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-COUPPING 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
- 120.117 : BREAKER, 240KV
- 120.117 : BREAKER, 240KV
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- 120.125 : BREAKER, 240KV GAS INSTA
- 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
- 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.

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

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 (“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 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:

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 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:

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 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 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
120.117 : BREAKER, 240KV
120.117 : BREAKER, 240KV
120.117 : BREAKER, 240KV
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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

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.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
FLORIDA POWER & LIGHT COMPANY
TESTIMONY OF SCOTT R. BORES
DOCKET NO. 17_____ -EI
MAY 22, 2017

Q. Please state your name and business address.

A. My name is Scott R. Bores. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as the Senior Director of Financial Planning and Analysis.

Q. Please describe your duties and responsibilities in your current position.

A. I am responsible for FPL’s corporate budgeting, financial forecast, analysis of financial results and resource analytics.

Q. Please describe your educational background and professional experience.

A. I graduated from the University of Connecticut in 2003 with a Bachelor of Science degree in Accounting. I received a Master of Business Administration from Emory University in 2011. I joined FPL in 2011 and have held several positions of increasing responsibility, including Manager of Property Accounting, Director of Property Accounting and my current position as Senior Director of Financial Planning and Analysis. Prior to FPL,

1 I held various accounting roles with Mirant Corporation, which was an
2 independent power producer in Atlanta, Georgia, as well as worked for
3 PricewaterhouseCoopers, LLP. I am a Certified Public Accountant (“CPA”)
4 licensed in the State of Georgia and a member of the American Institute of
5 CPAs.

6 **Q. Are you sponsoring an exhibit in this case?**

7 A. Yes. I am sponsoring the following exhibit which is attached to my direct
8 testimony:

- 9 • SRB 1 - Summary CPVRR Analysis for Retirement of SJRPP

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

11 A. The purpose of my testimony is to present the results of the economic analysis
12 which demonstrates that shutting down St. Johns River Power Park (“SJRPP”)
13 as early as January 5, 2018, provides significant economic value for FPL’s
14 customers. My testimony describes the key assumptions utilized in the
15 economic analysis, the Company’s proposal for cost recovery and the
16 appropriate rate of return for the regulatory assets that FPL proposes to
17 establish in the Capacity Cost Recovery (“CCR”) Clause and the
18 Environmental Cost Recovery (“ECR”) Clause.

19 **Q. Please summarize your testimony.**

20 A. As described in greater detail by FPL witness Forrest, FPL and JEA have
21 entered into a definitive agreement to terminate the existing Joint Ownership,
22 Construction and Operation Agreement (“JOA”) governing the operation of
23 the SJRPP facility, which includes as Article 8 the terms under which FPL

1 purchases power and capacity out of JEA's share of SJRPP (the "Article 8
2 PPA"); the definitive Asset Transfer and Contract Termination Agreement
3 will be referred to as the "ATA." I will refer to the termination of the JOA,
4 including the Article 8 PPA, and the early shutdown, dismantlement and
5 subsequent transfer of ownership interests in SJRPP as the "SJRPP
6 Transaction." Under the SJRPP Transaction, as early as January 5, 2018,
7 SJRPP will be shut down and FPL's obligations to pay 50% of SJRPP costs
8 (20% through an ownership share in the plant and the remaining 30% through
9 the Article 8 PPA) will cease. As part of the SJRPP Transaction, FPL will
10 make a payment to JEA of \$90.4 million, to induce JEA to agree to the early
11 shutdown and thus extinguish FPL's continued obligations under the Article 8
12 PPA (the "Shutdown Payment"). FPL has performed an economic analysis
13 and estimates that the SJRPP Transaction would result in a \$183 million
14 Cumulative Present Value of Revenue Requirements ("CPVRR") benefit for
15 FPL customers.

16 **Q. Please describe the economic analysis performed for this transaction.**

17 A. The economic analysis for this transaction compared two FPL system resource
18 plans: 1) the base case scenario ("base case scenario"), in which FPL would
19 continue to operate its 20% ownership share in SJRPP through the end of its
20 useful life, currently expected to be 2052 per the depreciation parameters
21 approved in FPL's 2016 rate case settlement. Additionally, the Article 8 PPA
22 is suspended in the fourth quarter of 2019, which reflects that FPL would have
23 taken the full energy output allowed under the JOA by that time; and, 2) the

1 scenario contemplated under the ATA, whereby the SJRPP facility is shut
2 down as early as January 5, 2018, thus effectively terminating FPL's
3 obligations under the Article 8 PPA as of that date (the "transaction scenario").

4 **Q. Please describe how shutting down the facility as early as January 5, 2018**
5 **and effectively terminating the Article 8 PPA creates value for FPL's**
6 **customers.**

7 A. As described in greater detail by FPL witness Forrest, the SJRPP facility has
8 operated effectively and reliably since entering the FPL fleet; however, it has
9 become one of the most expensive units in FPL's fleet to operate and maintain.
10 By shutting down the facility and effectively terminating the Article 8 PPA,
11 FPL will avoid above market annual PPA payments, as well as FPL's entire
12 share of the operating costs of the facility. This transaction is expected to
13 provide savings for customers immediately and into the foreseeable future.

14 **Q. How does FPL plan to cover the shortfall in generating capacity caused**
15 **by exiting SJRPP under the transaction scenario?**

16 A. Exiting SJRPP as early as January 5, 2018, as contemplated by the transaction
17 scenario, will cause FPL to fall short by 323 megawatts of the capacity
18 required to meet its 2018 summer peak reserve margin. FPL plans to procure
19 the necessary capacity through a power purchase agreement, the cost of which
20 is included in the transaction scenario as part of the economic analysis. The
21 capacity shortfall no longer exists after 2018, as FPL projects that the
22 Okeechobee Clean Energy Center will be in-service by mid-2019.

1 **Q. What are the major system assumptions used in this economic**
2 **analysis?**

3 A. The major assumptions used in this economic analysis are the following:

4 • **Load Forecast** – The analysis uses FPL’s most recent official long-
5 term load forecast, approved in December 2016. This load forecast,
6 including system peaks and net energy for load, was used in FPL’s
7 2017 Ten Year Site Plan (“TYSP”);

8 • **Fuel Price Forecast** – The analysis uses FPL’s most recent long-term
9 fuel forecast, based on FPL’s standard long-term fuel forecasting
10 methodology, approved in November 2016 and used in FPL’s 2017
11 TYSP;

12 • **CO₂ Emission Price Forecast** - The CO₂ cost projections used in this
13 filing are based on ICF’s CO₂ emission price forecast dated December
14 2016. ICF is a consulting firm with extensive experience in
15 forecasting the projected cost of air emissions and is recognized as one
16 of the industry leaders in this field. This CO₂ emission price forecast
17 was also used in FPL’s 2017 TYSP.

18 **Q. Please provide an overview of the analytical process that FPL used to**
19 **determine the cost-effectiveness of the proposed transaction.**

20 A. The FPL analysis consisted of three steps:

21 Step 1: FPL used the hourly production costing model UPLAN to compare
22 the projected system variable revenue requirements of the base case scenario
23 to the transaction scenario. This model has been used by FPL in prior

1 proceedings before the Commission. Each UPLAN modeling run is used to
2 determine generation system costs, consisting primarily of fuel costs, variable
3 operations and maintenance (“O&M”) costs and emissions costs for a given
4 resource plan.

5 Step 2: The output of each of the UPLAN model runs was then imported into
6 FPL’s Fixed Cost Spreadsheet Model, which adds fixed costs such as capital
7 costs, capital replacements costs, and fixed O&M costs.

8 Step 3: Other transaction costs, such as the Shutdown Payment to JEA, were
9 then added to the system variable costs as determined in Step 1 and system
10 fixed costs as determined in Step 2, to determine the CPVRR for each
11 resource plan.

12 **Q. How has FPL accounted for the Shutdown Payment to JEA within its**
13 **economic analysis?**

14 A. The economic analysis contemplates the proposed accounting and regulatory
15 treatment for the Shutdown Payment as described in further detail by FPL
16 witness Ferguson. This includes establishing a regulatory asset for the
17 Shutdown Payment made to JEA and recovering that asset through the CCR
18 Clause over the remaining approximately four years of the Article 8 PPA.
19 FPL proposes that the regulatory asset earn a return at FPL’s weighted
20 average cost of capital (“WACC”), which will be discussed later in my
21 testimony.

1 **Q. How has FPL accounted for the remaining net book value and loss on**
2 **disposition within its economic analysis?**

3 A. The economic analysis includes the impact of establishing regulatory assets
4 for the projected \$187 million of unrecovered net book value associated with
5 retired assets as well as the \$3 million loss on the transfer of assets to JEA.
6 Upon approval of this transaction, FPL proposes that the recovery of these
7 assets would be deferred until the time base rates are next set in a general base
8 rate case, which is assumed to be January 1, 2021. The economic analysis
9 contemplates that these investments are recovered on a straight-line basis over
10 a 10-year period, with \$146 million recovered through base rates (reflecting
11 both the retired assets and the assets transferred to JEA) and \$44 million
12 related to approved ECR Clause capital investments currently being recovered
13 through the ECR Clause.

14 **Q. How has FPL accounted for dismantlement costs within its economic**
15 **analysis?**

16 A. The economic analysis does not include any dismantlement costs above the
17 \$22 million that FPL projects to have recorded as of December 31, 2017
18 associated with its ownership share which is assumed to be sufficient for
19 FPL's ownership share of dismantlement. FPL has assumed that the
20 dismantlement of the SJRPP facility occurs in 2018. In addition, the
21 economic analysis accounts for the approximate \$40 million dismantlement
22 liability related to FPL's capacity entitlement under the Article 8 PPA. As
23 described in further detail by FPL witness Ferguson, FPL proposes to refund

1 that liability to customers over the approximately four-year remaining term of
2 the Article 8 PPA through the CCR clause.

3 **Q. How has FPL accounted for the deferred interest liability balance within**
4 **its economic analysis?**

5 A. The economic analysis contemplates that the deferred interest liability
6 balance, projected to be \$12.4 million at December 31, 2017, is refunded to
7 customers through the CCR Clause over the approximately four-year
8 remaining term of the Article 8 PPA. Consistent with its current treatment,
9 the economic analysis provides customers with a return on the unamortized
10 liability balance in base rates. This treatment is described in further detail by
11 FPL witness Ferguson.

12 **Q. How has FPL accounted for the suspension liability balance within its**
13 **economic analysis?**

14 A. The economic analysis contemplates that the suspension liability balance,
15 projected to be \$9.9 million at December 31, 2017, is refunded to customers
16 through the CCR Clause over the approximately four-year remaining term of
17 the Article 8 PPA. Consistent with its current treatment the economic analysis
18 provides customers with a return on the unamortized liability balance within
19 the CCR Clause at FPL's WACC. This treatment is described in further detail
20 by FPL witness Ferguson.

21 **Q. How has FPL accounted for the fuel inventory that will remain as a result**
22 **of the SJRPP transaction?**

23 A. The economic analysis contemplates that the projected \$1.3 million of FPL's

1 share of the remaining fuel inventory will be recorded as a loss and recovered
2 through FPL's Fuel and Purchased Power Cost Recovery ("FCR") Clause in
3 the year when SJRPP is shut down.

4 **Q. Please describe why it is appropriate for FPL to utilize its embedded**
5 **overall cost of capital to calculate the return for the regulatory assets FPL**
6 **proposes to record in clauses as part of this transaction.**

7 A. The Company is proposing to use the same rate of return for the proposed
8 clause regulatory assets as is used for all other investments that are made in
9 cost recovery clauses. This treatment is consistent with prior, similar
10 transactions approved by the Commission, including the Cedar Bay
11 Transaction, Order No. PSC-15-0401-AS-EI, Docket No. 150075-EI, as well
12 as the Indiantown Cogeneration Transaction, Order No. PSC-16-0506-FOF-
13 EI, Docket No. 160154-EI.

14 **Q. Please provide the results of the economic analysis.**

15 A. The economic analysis indicates that there is an immediate and ongoing
16 benefit to FPL's customers from proceeding under the transaction scenario to
17 exit the SJRPP facility as early as January 5, 2018. As shown in Exhibit SRB-
18 1, the CPVRR benefit to FPL customers is approximately \$183 million. This
19 was calculated by subtracting the CPVRR of the base case scenario from the
20 CPVRR of the transaction scenario.

21 **Q. Has FPL prepared a sensitivity analysis to assess the CPVRR benefit to**
22 **customers?**

23 A. Yes. FPL analyzed the economic benefits of the SJRPP Transaction under

1 alternate scenarios in which the anticipated fuel and emissions costs were 20%
2 greater than and 20% less than forecasted. Under all of these scenarios, the
3 SJRPP Transaction is expected to produce customer savings, in amounts
4 ranging from approximately \$57 million to \$310 million.

5 **Q. Is FPL aware of any SJRPP coal transportation-related costs that may be**
6 **incurred after SJRPP is retired?**

7 A. Yes. FPL is aware of costs associated with two disputes that may be incurred
8 after SJRPP is retired, depending upon when those disputes are resolved.

9
10 First, FPL and JEA are involved in an ongoing dispute with the counterparty
11 to the recently expired lease agreement for the railcars that serve SJRPP. That
12 lease was set to expire regardless of whether SJRPP is retired early, because
13 FPL and JEA had made the decision to switch to Colombian coal for
14 environmental compliance reasons, and that coal is delivered by marine
15 vessels rather than railcars. The lease agreement specified the condition in
16 which FPL and JEA must return the leased railcars to the lessor, and there is
17 presently a dispute as to what reconditioning work is required.

18
19 Second, FPL and JEA are also involved in a dispute with the railroad that was
20 used to deliver coal to SJRPP over the railroad's claim for liquidated damages
21 as a result of FPL and JEA not scheduling the minimum delivery quantities of
22 coal for SJRPP under the transportation agreement with the railroad. Again,
23 this circumstance arose out of FPL's and JEA's decision to switch to

1 Colombian coal for environmental compliance reasons and will exist
2 regardless of whether SJRPP is retired early.

3 **Q. How does FPL propose to recover costs associated with transporting coal**
4 **to SJRPP?**

5 A. FPL currently recovers the costs for transporting coal to SJRPP, including
6 costs associated with railcar leases, through the FCR Clause and proposes to
7 continue recovering through the same mechanism any coal transportation
8 costs that must be incurred after SJRPP is retired.

9 **Q. Has FPL included an estimate of costs to resolve these disputes in its**
10 **economic analysis of this transaction?**

11 A. No. Whatever costs may be incurred to resolve the disputes will not affect the
12 economic analysis. As discussed above, both of the disputes arose out of
13 FPL's and JEA's decision to switch to Colombian coal for environmental
14 compliance reasons and exist independently of any decision on retiring SJRPP
15 early. Therefore, FPL would expect to incur the costs under both the base
16 case scenario and the transaction scenario, and so they would have zero
17 impact on the CPVRR savings resulting from the ATA.

18 **Q. Does this conclude your testimony?**

19 A. Yes.

<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.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
FLORIDA POWER & LIGHT COMPANY
SJRPP TRANSACTION
DIRECT TESTIMONY OF KEITH FERGUSON
DOCKET NO. 17_____ -EI
MAY 22, 2017

Q. Please state your name and business address.

A. My name is Keith Ferguson, and my business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as Controller.

Q. Please describe your duties and responsibilities in that position.

A. I am responsible for all financial accounting, as well as internal and external reporting, for FPL. As a part of these responsibilities, I ensure that the Company’s financial reporting complies with requirements of Generally Accepted Accounting Principles (“GAAP”) and multi-jurisdictional regulatory accounting requirements.

Q. Please describe your education and professional experience.

A. I graduated from the University of Florida in 1999 with a Bachelor of Science Degree in Accounting and earned a Master of Accounting degree from the University of Florida in 2000. Beginning in 2000, I was employed by Arthur

1 Andersen in their energy audit practice in Atlanta, Georgia. From 2002 to
2 2005, I worked for Deloitte & Touche in their national energy practice. From
3 2005 to 2011, I worked for Mirant Corporation, which was an independent
4 power producer in Atlanta, Georgia. During my tenure there, I held various
5 accounting and management roles. Most recently and prior to joining FPL in
6 September 2011, I was Mirant’s Director of SEC Reporting and Accounting
7 Research. I am a Certified Public Accountant (“CPA”) licensed in the State of
8 Georgia and a member of the American Institute of CPAs. I testified before
9 this Commission on depreciation, dismantlement and other accounting matters
10 in the Company’s 2016 base rate case.

11 **Q. Are you sponsoring any exhibits in this case?**

12 A. Yes. I am sponsoring two exhibits:

- 13 • Exhibit KF-1 – Proposed Journal Entries
- 14 • Exhibit KF-2 – SJRPP Capital Recovery Schedules

15 **Q. What is the purpose of your testimony?**

16 A. The purpose of my testimony is to present FPL’s proposed accounting and
17 ratemaking treatment associated with the termination of the St. Johns River
18 Power Park (“SJRPP”) Joint Ownership, Construction and Operation
19 Agreement (“JOA”) between FPL and JEA, including the terms under which
20 FPL purchases energy and capacity out of JEA’s share of SJRPP (the “Article
21 8 PPA”). I will refer to the termination of the JOA, including the Article 8
22 PPA, and the early shutdown, dismantlement and subsequent transfer of
23 ownership interests in the SJRPP facility as the “SJRPP Transaction.” As part

1 of the SJRPP Transaction, FPL will assign to JEA its interest in certain assets
2 at the SJRPP site that will not be retired, and FPL will pay its estimated share
3 of the costs to dismantle the remainder of the assets.

4 **Q. Please summarize your testimony.**

5 A. I provide the journal entries that FPL intends to record as a result of the
6 SJRPP Transaction and support the related regulatory ratemaking treatment.
7 As described by FPL witnesses Forrest and Bores, the SJRPP Transaction will
8 economically benefit FPL's customers. The proposed accounting and
9 regulatory treatment for this transaction should be approved by this
10 Commission as the accounting is consistent with GAAP and the Uniform
11 System of Accounts and the ratemaking treatment provides proper recovery
12 for this beneficial transaction.

13 **Q. Please provide an overview of the SJRPP Transaction being presented to**
14 **the Commission for approval.**

15 A. The JOA currently reflects FPL's 20% ownership of the SJRPP facilities --
16 which undivided interest FPL has recorded on its books and records -- and
17 provides for the purchase by FPL, under the Article 8 PPA, of an additional
18 30% of the SJRPP capacity out of JEA's 80% ownership share. As part of the
19 SJRPP Transaction, FPL and JEA intend to shut down the SJRPP generating
20 facilities as early as January 5, 2018, which will have the effect of
21 extinguishing FPL's purchase obligations under the Article 8 PPA, and FPL
22 will make a payment to JEA totalling approximately \$90.4 million on the
23 shutdown date (the "Shutdown Payment"). In addition, the SJRPP

1 Transaction results in the retirement and subsequent dismantlement of a
2 majority of the SJRPP generating facilities. Under the JOA, FPL is currently
3 responsible for all obligations associated with its ownership share; therefore, it
4 will incur the related costs for its portion of that subsequent dismantlement.
5 Additionally, FPL will assign to JEA its rights in certain assets.

6 **Q. What are the journal entries FPL plans to record upon execution of the**
7 **SJRPP Transaction?**

8 A. Page 1 of Exhibit KF-1 provides the journal entries to be recorded by FPL
9 upon shutdown of the generating facility and termination of the JOA.

10 **Proposed Regulatory Assets Related to SJRPP Transaction**

11 **Q. How does FPL propose to record the Shutdown Payment?**

12 A. FPL requests Commission authorization to establish a regulatory asset for the
13 Shutdown Payment, in recognition of FPL's proposal to defer and recover that
14 specific cost in the Capacity Cost Recovery ("CCR") Clause. The payment
15 will be recorded as a debit to a regulatory asset in FERC Account 182.3 –
16 Other Regulatory Assets (the "Shutdown Payment Regulatory Asset"). FPL
17 further requests authorization to amortize the Shutdown Payment Regulatory
18 Asset on a straight-line basis to FERC Account 557, Other Expenses, over the
19 remaining term of the Article 8 PPA, or approximately four years.

20 **Q. Please explain how the Shutdown Payment will be funded.**

21 A. The Shutdown Payment of \$90.4 million will be funded through a
22 combination of the assignment of FPL's cash reserves held by JEA pursuant
23 to the JOA of approximately \$33.7 million and the materials & supplies

1 inventory of approximately \$5.1 million,¹ together with a cash payment of
2 approximately \$51.6 million.

3 **Q. Please explain why the CCR Clause is the appropriate recovery venue for**
4 **the Shutdown Payment Regulatory Asset.**

5 A. Recovery through the CCR Clause is appropriate because that is the
6 mechanism by which FPL currently recovers the cost of the Article 8 PPA.
7 Therefore, the clause will continue to reflect the costs associated with FPL's
8 SJRPP arrangement -- with the Shutdown Payment substituted for the existing
9 capacity payments and other obligations. Because recovery will be through
10 the CCR Clause, the amortization of the regulatory asset and associated
11 unrecovered balance will be removed from retail base ratemaking and FPL's
12 Earnings Surveillance Report ("ESR").

13 **Q. What return does FPL propose for the unrecovered portion of the**
14 **Shutdown Payment Regulatory Asset?**

15 A. FPL proposes to earn a return on the unrecovered regulatory asset balance at
16 FPL's overall weighted average cost of capital ("WACC") through the CCR
17 Clause. FPL witness Bores explains why this is a fair and appropriate rate of
18 return on the unrecovered regulatory asset.

19 **Q. Has the Commission approved similar recovery for regulatory assets**
20 **through the CCR Clause in the past?**

21 A. Yes. The Commission approved similar treatment in the Cedar Bay
22 Transaction (Order No. PSC-15-0401-AS-EI, Docket No. 150075-EI) and the

¹ Estimated based on March 31, 2017 balances, which may vary at shutdown.

1 Indiantown Cogeneration Transaction (Order No. PSC-16-0506-FOF-EI,
2 Docket No. 160154-EI), in which FPL acquired coal fired facilities through
3 equity purchases for the purpose of terminating FPL's obligations to the prior
4 owners under the related PPAs. In both instances, the Commission authorized
5 FPL to establish a regulatory asset for the payments to the facility owners
6 under those transactions and to recover the regulatory asset through the CCR
7 Clause together with a return on the unamortized balance at its WACC.

8 **Q. Do FPL and JEA intend to retire the SJRPP generating plant and related**
9 **assets expected upon consummation of this transaction?**

10 A. For the most part, yes. As part of the SJRPP Transaction, FPL and JEA have
11 agreed to retire the generating units and the vast majority of the related assets
12 as early as January 5, 2018, at which time dismantlement would commence.
13 Once dismantlement is complete, FPL is obligated under the terms of the
14 Asset Transfer and Contract Termination Agreement that governs the SJRPP
15 Transaction to assign its interest in the land, transmission switchyard and
16 certain rail facilities to JEA without separate consideration paid to FPL.

17 **Q. What is the current estimated retirement date for the SJRPP generating**
18 **plant as reflected in the Company's 2016 rate case settlement?**

19 A. The current estimated retirement date for the SJRPP generating plant is 2052
20 per the depreciation parameters approved in FPL's 2016 rate case settlement
21 (Order No. PSC-16-0560-AS-EI, Docket No. 160021-EI).

1 **Q. How will FPL account for the retirement of the facilities that will be**
2 **dismantled?**

3 A. FPL will remove the retired assets from its books and records as a debit to
4 FERC Account 108, Accumulated Provision for Depreciation, and a credit to
5 FERC Account 101, Plant in Service. Once the plant is retired, FPL estimates
6 it will have \$187 million of unrecovered investment associated with the
7 retired assets remaining on its books and records, of which \$143 million
8 relates to base rates and \$44 million relates to the Environmental Cost
9 Recovery (“ECR”) Clause primarily associated with pollution control
10 equipment installed under Project 31 -- Clean Air Interstate Rule (“CAIR”).
11 Refer to Exhibit KF-2, Page 2.

12 **Q. How does FPL propose to account for the unrecovered investment**
13 **associated with the retired assets?**

14 A. FPL requests the Commission to authorize the creation of a regulatory asset
15 for the unrecovered investment (the “Early Retirement Regulatory Asset”),
16 and to begin amortization of the Early Retirement Regulatory Asset at the
17 time base rates are next adjusted in a general base rate case. If approved, FPL
18 will record the unrecovered investment as a debit to FERC Account 182.2,
19 Unrecovered Plant and Regulatory Study Costs and when amortization begins,
20 record amortization on a straight-line basis to FERC Account 407,
21 Amortization of Property Losses, Unrecovered Plant and Regulatory Study
22 Costs. This approach is consistent with past practice, FERC precedent and
23 with Rule 25-6.0436(7)(a), Depreciation, Florida Administrative Code

1 (“F.A.C.”) for recovery of the unrecovered investment in retired assets via a
2 capital recovery schedule.

3 **Q. Over what time period does FPL propose to recover the Early Retirement**
4 **Regulatory Asset?**

5 A. FPL proposes an amortization period of ten years, with the recovery of the
6 base portion through base rates and the ECR Clause portion through that
7 clause. This amortization period is consistent with the capital recovery
8 schedules approved by the Commission in FPL’s 2016 rate case settlement.

9
10 Historically, FPL has requested and received Commission approval to recover
11 capital recovery schedules at the same time base rates are adjusted. Therefore,
12 FPL requests permission to begin recovery of the capital recovery schedule
13 for both the base and ECR Clause unrecovered investments when base rates
14 are next adjusted in a general base rate case. Pursuant to the terms of FPL’s
15 2016 rate case settlement, FPL does not expect this to be earlier than January
16 1, 2021.

17 **Q. Once dismantlement and remediation of the SJRPP facilities is complete,**
18 **how does FPL propose to account for the assets that FPL plans to assign**
19 **to JEA?**

20 A. FPL will remove the assets at the time of assignment to JEA from its books
21 and records. The net book value of the assets JEA wishes to retain is
22 approximately \$3 million. Assigning those assets to JEA at a zero cost will
23 result in a loss to FPL of that amount. FPL proposes to establish a regulatory

1 asset for this loss (the “Asset Transfer Regulatory Asset”) in recognition of
2 FPL’s proposal to defer and recover that specific cost at the time base rates are
3 next adjusted in a general base rate case. The loss would be recorded as a
4 debit to a regulatory asset (FERC Account 182.2, Unrecovered Plant and
5 Regulatory Study Costs), refer to Exhibit KF-1, Page 1. FPL proposes to
6 amortize this regulatory asset on a straight-line basis to FERC Account 407,
7 Amortization of Property Losses, Unrecovered Plant and Regulatory Study
8 Costs over the same ten-year period recommended for the recovery of the
9 unrecovered investment of retired assets.

10 **Accounting for Dismantlement Costs**

11 **Q. Is FPL responsible for a portion of dismantlement costs associated with**
12 **the retirement of the SJRPP unit under the existing JOA?**

13 A. Yes.

14 **Q. How is FPL accounting for its dismantlement cost responsibility?**

15 A. FPL currently accrues for the future dismantlement costs of its 20%
16 ownership share of SJRPP facilities through its fossil dismantlement accrual,
17 which is collected from FPL’s retail customers through base rates. As of
18 December 31, 2017, FPL is projected to have \$22 million accrued for
19 dismantlement costs related to its 20% ownership share of the SJRPP
20 facilities. As agreed by FPL and JEA as part of this transaction, FPL will pay
21 its 20% share of actual dismantlement costs, which could be higher or lower
22 than the amount accrued on FPL’s books. Just as in any other dismantlement
23 project, any difference between the actual amount paid by FPL to JEA for

1 dismantlement and the recorded dismantlement reserve will be reflected in
2 FPL's next dismantlement study.

3 **Refund of Liability Accruals**

4 **Q. Are there any other items on FPL's books and records today that will**
5 **require resolution as a result of the termination of the JOA?**

6 A. Yes. As shown on Exhibit KF-1, page 2, FPL will need to address three
7 liabilities currently on its books and records: the suspension liability, deferred
8 interest liability, and dismantlement accrual related to the Article 8 PPA.

9 **Q. Please describe the suspension liability and its current ratemaking**
10 **treatment.**

11 A. The Article 8 PPA places a cap on the amount of energy that FPL can obtain
12 in order to ensure that JEA's tax exempt status with the Internal Revenue
13 Service is not compromised. FPL will reach the cap on the megawatt-hours
14 of energy well before it can cease to make Article 8 PPA capacity payments.
15 In light of this, FPL petitioned the FPSC in 1997 to allow it to recover from
16 customers the commensurate obligation of capacity charges under the
17 agreement in advance of the payment in the latter years to JEA. In Order No.
18 PSC-97-1045-FOF-EI, Docket No. 970001-EI, the Commission authorized the
19 suspension liability accrual.

20

21 In other words, and although the dates have changed from those cited in the
22 order referenced above, there will be a period of time in which the Company
23 is contractually obligated to continue paying capacity expenses to JEA

1 without receiving power, which is referred to as the suspension period. In
2 2017 the suspension liability is over-accrued; therefore, FPL is refunding
3 approximately \$9.1 million a year to customers as a reduction to the total
4 amount of expenses collected through the CCR Clause. Additionally, the
5 Company calculates and pays customers a return on the liability balance on a
6 monthly basis at FPL's overall WACC through the CCR Clause. Therefore,
7 the suspension liability is removed from retail base ratemaking and FPL's
8 ESRs.

9 **Q. How does FPL propose to refund the suspension liability balance to**
10 **customers as a result of the SJRPP Transaction?**

11 A. The Company is proposing to transfer the unamortized balance of the
12 suspension liability as of December 31, 2017 of approximately \$9.9 million to
13 FERC Account 254, Other Regulatory Liabilities, and refund the balance to
14 customers through the CCR Clause over the remaining term of the Article 8
15 PPA or approximately four years. In addition, FPL would continue to provide
16 customers a return on the suspension liability balance until it is completely
17 refunded to customers over the remaining life of the Article 8 PPA or
18 approximately four years. This treatment is appropriate as it is consistent with
19 the current treatment of the suspension liability and the timing of when FPL
20 proposes to collect the Shutdown Payment Regulatory Asset as previously
21 discussed.

1 **Q. Please describe the deferred interest liability and its current ratemaking**
2 **treatment.**

3 A. FPL is responsible under the Article 8 PPA for its portion of the bond debt
4 service related to the capacity it purchased from JEA. The cost of the
5 construction of the facility was less than planned; therefore, JEA had excess
6 bond funds that allowed it to defer interest costs during operation. FPL
7 recorded those deferred interest costs to FERC Account 253, Other Deferred
8 Credits, as it recovered the cost of the deferred interest from customers
9 through the CCR Clause, anticipating that it would make payments and
10 amortize that deferred interest back to customers in the form of credits to the
11 CCR Clause in the future. FPL is currently amortizing this liability back to
12 customers over the life of the Article 8 PPA, i.e., until October 2021.
13 Therefore, the amortization of the deferred interest liability has reduced total
14 capacity expenses recovered from customers through FPL's CCR Clause.
15 Historically, the deferred interest liability balance has been reflected as a
16 reduction of rate base in base-rate test years, and this was the case in the 2017
17 and 2018 test year MFRs in FPL's 2016 base rate case (Docket No. 160021-
18 EI). As of the shutdown date of SJRPP, however, not all of the deferred
19 interest will have been used to reduce the capacity payments, and the
20 remaining unamortized balance should be returned to customers.

21 **Q. How does FPL propose to refund the deferred interest liability balance to**
22 **customers as a result of the SJRPP Transaction?**

23 A. Consistent with the proposed treatment for the refund of the suspension

1 liability, the Company is proposing to transfer the balance of the deferred
2 interest liability as of December 31, 2017 of approximately \$12.4 million to
3 FERC Account 254, Other Regulatory Liabilities, and refund the balance to
4 customers through the CCR Clause over the four-year remaining term of the
5 Article 8 PPA. FPL would continue to reflect the deferred interest liability in
6 rate base until it is completely refunded to customers. This treatment is
7 appropriate as it is consistent with how the liability was treated for the
8 purpose of setting base rates in FPL's 2016 rate case.

9 **Q. Please describe the dismantlement accrual related to the Article 8 PPA**
10 **and its current ratemaking treatment.**

11 A. As required under the JOA, FPL is responsible for 30% of dismantlement
12 costs for the JEA undivided interest in SJRPP facilities consistent with the
13 share of the plant's capacity to which FPL is entitled under the Article 8 PPA.
14 Therefore, in order to comply with GAAP and for proper ratemaking
15 consideration, FPL calculates a dismantlement accrual related to FPL's
16 capacity entitlement under the Article 8 PPA based on the cost estimate from
17 the most recent Commission-approved dismantlement accrual applicable to
18 FPL's 20% ownership of SJRPP as a proxy for this capacity obligation and
19 records this as a debit to FERC Account 555, Purchased Power, and a credit to
20 FERC Account 253, Other Deferred Credits. The Article 8 PPA related
21 dismantlement accrual expense is recovered from customers through the CCR
22 Clause, while the dismantlement liability has been historically reflected as a
23 reduction of rate base, including in FPL's 2016 base rate case (Docket No.

1 160021-EI).

2 **Q. How does FPL propose to refund the balance in the dismantlement**
3 **liability related to the Article 8 PPA to customers as a result of the SJRPP**
4 **Transaction?**

5 A. Consistent with the proposed treatment for the refund of the suspension
6 liability and deferred interest liability, the Company is proposing to transfer
7 the balance of the dismantlement liability related to the Article 8 PPA as of
8 December 31, 2017 (approximately \$40 million) to FERC Account 254, Other
9 Regulatory Liabilities, and refund the balance to customers through the CCR
10 Clause over the remaining four-year term of the Article 8 PPA. In addition,
11 FPL would continue to reflect the dismantlement liability related to the Article
12 8 PPA as a reduction of rate base until it is completely refunded to customers.
13 This treatment is appropriate as it is consistent with how the liability was
14 treated for the purpose of setting base rates in FPL's 2016 rate case.

15 **Recovery of Fuel Inventory**

16 **Q. Does FPL expect that fuel inventory will remain on FPL's books and**
17 **records at shutdown under the SJRPP Transaction?**

18 A. Yes. FPL records purchased fuel inventory related to its ownership of SJRPP
19 in FERC Account 151, Fuel Stock, until it is used for the generation of
20 electricity. As part of the SJRPP Transaction, FPL and JEA have agreed to
21 minimize additional purchases of fuel inventory through the shutdown date
22 but anticipates that nonetheless FPL's share of fuel inventory remaining will
23 be approximately \$1.3 million at the time of shutdown.

1 **Q. How does FPL intend to handle whatever fuel inventory remains at the**
2 **time of shutdown?**

3 A. As part of the SJRPP Transaction, FPL will assign any remaining fuel
4 inventory balance to JEA at zero cost, which will result in a loss to FPL for
5 that amount. FPL requests Commission permission to recover this loss in the
6 Fuel and Purchased Power Cost Recovery Clause in the year when SJRPP is
7 shut down.

8 **Q. Does this conclude your testimony?**

9 A. Yes.

**Florida Power and Light Company
SJRPP 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:

- 47 ⁽¹⁾ Amount is subject to change at shutdown since balance reflected is as of March 31, 2017.
- 48 ⁽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.
- 49 ⁽³⁾ This entry does not reflect the effect on income taxes as those will be captured in the normal course of business.
- 50 ⁽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).
- 51 ⁽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		<u>\$ 23.6</u>
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		<u>\$ (62.2)</u>
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		<u>\$ (16.2)</u>
18				
19		Net Annual Amortization to be Recovered (collected) Through FPL's Capacity Clause		<u>\$ 7.4</u>
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 (SJRPP) - RETIRED ASSETS - BASE

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	CAPITAL RECOVERY ACCOUNTS - BASE						
2							
3	Steam Plant Retirements						
4	<u>SJRPP - Coal & Limestone</u>						
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	<u>SJRPP - Coal & Limestone</u>	<u>\$ 38,988,882</u>	<u>\$ 20,001,534</u>	<u>-</u>	<u>\$ 18,987,347</u>		<u>\$ 1,898,735</u>
10							
11	<u>SJRPP - Coal Cars</u>						
12	312 Boiler Plant Equipment	\$ 52,105	\$ 52,105	-	\$ -	10	\$ -
13							
14	<u>SJRPP - Common</u>						
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	<u>SJRPP - Common</u>	<u>\$ 44,606,628</u>	<u>\$ 30,980,465</u>	<u>-</u>	<u>\$ 13,626,163</u>		<u>\$ 1,362,616</u>
22							
23	<u>SJRPP - Gypsum & Ash</u>						
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	<u>SJRPP - Gypsum & Ash</u>	<u>\$ 19,309,244</u>	<u>\$ 10,185,849</u>	<u>-</u>	<u>\$ 9,123,395</u>		<u>\$ 912,339</u>
29							
30	<u>SJRPP Unit 1</u>						
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	<u>SJRPP Unit 1</u>	<u>\$ 121,915,548</u>	<u>\$ 75,822,812</u>	<u>-</u>	<u>\$ 46,092,736</u>		<u>\$ 4,609,274</u>
37							
38	<u>SJRPP Unit 2</u>						
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	<u>SJRPP Unit 2</u>	<u>\$ 109,863,525</u>	<u>\$ 56,008,661</u>	<u>-</u>	<u>\$ 53,854,864</u>		<u>\$ 5,385,486</u>
45							
46	Transmission Plant Retirements						
47	<u>Substation Equipment</u>						
48	353 Station Equipment	\$ 3,230,986	\$ 1,759,831	-	\$ 1,471,155	10	\$ 147,116
49	<u>Substation Equipment</u>	<u>\$ 3,230,986</u>	<u>\$ 1,759,831</u>	<u>-</u>	<u>\$ 1,471,155</u>		<u>\$ 147,116</u>
50							
51							
52	TOTAL CAPITAL RECOVERY ACCOUNTS - BASE	<u>\$ 337,966,917</u>	<u>\$ 194,811,257</u>	<u>-</u>	<u>\$ 143,155,659</u>		<u>\$ 14,315,566</u>

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						
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						
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						
26	SJRPP Unit 2					
27	\$ 26,534,954	\$ 5,797,936	-	\$ 20,737,017	10	\$ 2,073,702
28	426,220	67,872	-	358,348	10	35,835
29	9,591	1,485	-	8,107	10	811
30	<u>\$ 26,970,765</u>	<u>\$ 5,867,293</u>	<u>-</u>	<u>\$ 21,103,472</u>		<u>\$ 2,110,347</u>
31	<u>\$ 55,172,456</u>	<u>\$ 11,733,297</u>	<u>-</u>	<u>\$ 43,439,159</u>		<u>\$ 4,343,916</u>
32						
33	<u>ECRC - Project 33 - CLEAN AIR MERCURY RULE-CAMR</u>					
34	SJRPP Unit 1					
35	\$ 70,087	\$ 3,567	-	\$ 66,520	10	\$ 6,652
36	SJRPP Unit 1					
37	18,075	528	-	17,547	10	1,755
38	<u>\$ 88,162</u>	<u>\$ 4,095</u>	<u>-</u>	<u>\$ 84,067</u>		<u>\$ 8,407</u>
39						
40	<u>ECRC - Project 54 - COAL COMBUSTION RESIDUALS DISPOSAL PROJECT</u>					
41	SJRPP - Common					
42	\$ 54,373	\$ 903	-	\$ 53,470	10	\$ 5,347
43						
44	<u>\$ 55,404,128</u>	<u>\$ 11,780,421</u>	<u>-</u>	<u>\$ 43,623,707</u>		<u>\$ 4,362,371</u>
45						
46	<u>\$ 393,371,044</u>	<u>\$ 206,591,678</u>	<u>-</u>	<u>\$ 186,779,366</u>		<u>\$ 18,677,937</u>

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

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	CAPITAL RECOVERY ACCOUNTS - BASE					
2						
3	Steam Plant Assets					
4	<i>SJRPP - Coal & Limestone</i>					
5	\$ 104,435	\$ -	-	\$ 104,435	10	\$ 10,443
6						
7	<i>SJRPP - Common</i>					
8	\$ 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	<u>\$ 3,185,796</u>	<u>\$ 1,366,952</u>	<u>-</u>	<u>\$ 1,818,844</u>		<u>\$ 181,884</u>
11	Transmission Plant Assets					
12	<i>Substation Equipment</i>					
13	\$ 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	<u>\$ 2,141,387</u>	<u>\$ 1,052,092</u>	<u>-</u>	<u>\$ 1,089,295</u>		<u>\$ 108,930</u>
17						
18	<u>\$ 5,431,618</u>	<u>\$ 2,419,044</u>	<u>-</u>	<u>\$ 3,012,574</u>		<u>\$ 301,257</u>
19						
20	Note:					
21	⁽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					