

AGREEMENT

THIS AGREEMENT is entered into on the 12th day of November, 2012, by and between the Florida Municipal Power Agency (“FMPA”) and the City of Gainesville, Florida, Gainesville Regional Utilities (“the City”).

WHEREAS, the City owns a 1.4079% undivided ownership interest in the Crystal River Unit 3 Nuclear Power Plant (“Crystal River 3 Plant”);

WHEREAS, the City purchases, or has purchased, wholesale power from Florida Power Corporation, doing business as Progress Energy Florida, including any successor in interest (“PEF”);

WHEREAS, the City desires to enter into discussions with PEF concerning certain outstanding issues between PEF and the City relating to the steam generator replacement project and resulting delamination and outage of the Crystal River 3 Plant;

WHEREAS, the City has determined that it would avoid duplication of effort and would be beneficial to the City to have FMPA act as its agent in these discussions with PEF;

WHEREAS, FMPA is willing and able to act as the City's agent in these discussions with PEF;

WHEREAS, FMPA intends to enter into substantially similar agreements (each an “Agency Agreement”) as this agreement with other FMPA member utilities that are, or were previously, joint owners of the Crystal River 3 Plant or wholesale purchasers of PEF, or both (collectively with the City, the “Florida Cities”); and

WHEREAS, FMPA, on behalf of itself and the City, has entered into that certain Confidentiality Agreement with respect to Settlement Negotiations by and between Florida Power Corporation d/b/a Progress Energy Florida and Florida Municipal Power Agency, on behalf of itself and the named “Florida Cities” in the Crystal River 3 Tolling Agreement between FMPA and PEF, effective as of August 13, 2012, as amended, (the “Confidentiality Agreement”), a copy of such Confidentiality Agreement being attached to this agreement as Exhibit “A” and is incorporated into and made a material part of this agreement by this reference;

NOW, THEREFORE, for and in consideration of the matters set forth herein, FMPA and the City hereby agree as follows:

1. The City hereby designates FMPA as its agent for the purpose of conducting discussions with PEF relating to the steam generator replacement project and resulting delamination and outage of the Crystal River 3 Plant, including, among other things, the entering into and execution of pertinent confidentiality agreements with PEF on behalf of FMPA and the City, and the City hereby agrees to be bound by the terms and conditions of such agreements, including, without limitation, the Confidentiality Agreement. The City acknowledges that FMPA will be acting in a similar capacity for FMPA, for other municipal owners of the Crystal River 3 Plant, and for

certain municipal wholesale power customers of PEF. The City reserves the right to participate directly in any such negotiations from time to time should issues unique to the City arise. The City agrees not to independently negotiate with PEF regarding the Crystal River 3 Plant steam generator replacement project and resulting delamination and outage prior to the termination of this agreement.

2. FMPA will, at its discretion, provide the necessary legal and technical personnel to collect and analyze all pertinent and available data and information regarding the steam generator replacement project and resulting delamination and outage of the Crystal River 3 Plant, and to assist in the discussions and negotiations with PEF relating to the Crystal River 3 Plant. In so doing, FMPA has and will incur costs and expenses on the City's behalf. Accordingly, FMPA will charge the City, and the City hereby agrees to pay, an amount each month equal to the City's percentage share, as set forth in Exhibit "B," which is attached to and made a material part of this agreement, of such costs and expenses incurred by FMPA.

3. (a) FMPA may amend Exhibit B from time to time to reflect revised estimates of the City's percentage share of FMPA's costs and expenses. Except as provided in paragraph 3(b), FMPA shall provide to the City a copy of a proposed Exhibit B amendment with an effective date established by FMPA that shall not be less than fifteen (15) days after the issuance of the proposed Exhibit B amendment.

(b) In the event that any Florida City provides notice to FMPA of its intent to terminate its Agency Agreement, FMPA shall, as soon as reasonably practicable after receipt of such notice, provide to the City a copy of a proposed Exhibit B amendment to reflect the removal of such terminating Florida City from the Exhibit B cost allocation, which amendment shall be effective on the date commensurate with the termination date of the departing Florida City's Agency Agreement.

(c) In the event of any Exhibit B amendment, the City shall be responsible for its share of FMPA's costs and expenses incurred (including costs accrued but not yet billed) at the City's percentage allocation share reflected in Exhibit B in effect as of the date such costs and expenses were incurred by FMPA.

4. This agreement will remain in effect until the earlier of (a) the date on which this agreement is terminated by either party upon fifteen (15) days written notice to the other party; or (b) the date on which PEF terminates negotiations with FMPA; provided, however, the City will be responsible for its share of all costs and charges incurred (including costs accrued but not yet billed, as well as costs committed to by contract that cannot reasonably be cancelled or avoided) up to the date of termination.

5. FMPA's total costs and expenses allocable to the Florida Cities shall not exceed \$250,000 without the advance written consent of the Florida Cities. FMPA shall provide notice to the City when FMPA reasonably believes that it has incurred costs and expenses equal to 80% of \$250,000. FMPA shall not be required to provide services or incur additional costs or expenses in excess of \$250,000 without advance written authorization from the City, and agreement by the

City to reimburse FMPA for the City's percentage share of such additional FMPA costs and expenses, as set forth in Exhibit B.

6. FMPA shall bill the City monthly, and the City shall pay FMPA, within fifteen (15) days of the postmark of each bill, to the offices of

Florida Municipal Power Agency
8553 Commodity Circle
Orlando FL 32819-9002

or such other address as FMPA shall specify in writing to the City.

In the event the City fails to make payment when due of any amount owed hereunder, FMPA may impose a late-payment charge for each delinquent day, equal to the prime rate as published for that month in The Wall Street Journal.

7. All notices issued pursuant to this agreement shall be sent via email to the following:

To FMPA:

Nicholas P. Guarriello
Email: nick.guarriello@fmpa.com

With a required copy to:
Jody Lamar Finklea
Dan O'Hagan
Email: jody.lamar.finklea@fmpa.com
dan.ohagan@fmpa.com

To the City:

Robert Hunzinger
Email hunzinger@gru.com

Shayla McNeill
mcneillsl@gru.com


8. Subject to FMPA's, the City's, or both, obligation to keep such data and information confidential pursuant to any confidentiality agreement, including without limitation, the Confidentiality Agreement, the City shall be entitled to receive copies of (a) all pertinent and available data and information regarding the steam generator replacement project and resulting delamination and outage of the Crystal River 3 Plant that is gathered by FMPA and any experts hired by FMPA, and (b) any resulting analysis and reports; provided that such data, information, analysis or reports are made or received by FMPA in its role as agent for the City pursuant to this agreement.

9. FMPA shall give updates on the progress of the negotiations no less than monthly unless no activity for given month had taken place, in which case FMPA will notify the City to that effect as its update.

10. This agreement does not constitute or create a joint venture, partnership, or any other similar arrangement between FMPA and the City. FMPA and the City are each independent entities and neither is the agent of, nor has the authority to bind the other for any purpose other than as

specifically set forth in this agreement. Except as specifically set forth in this agreement, no party shall bind any other, or represent that it has the authority to do so.

CITY OF GAINESVILLE, FLORIDA,
GAINESVILLE REGIONAL UTILITIES

by 
Robert E. Hunzinger 10/25/12
(please print name)

its General Manager For Utilities

FLORIDA MUNICIPAL POWER AGENCY


by 
Nicholas P. Guarriello
its General Manager and CEO

Exhibit A

First Amended Confidentiality Agreement with respect to Settlement Negotiations

WHEREAS, Florida Power Corporation d/b/a Progress Energy Florida, Inc. (“Progress Energy”) and Florida Municipal Power Agency, on behalf of itself and the named “Florida Cities” in the Crystal River Unit 3 Tolling Agreement between FMPA and PEF, agreed to as of July 9, 2012, and amended on September 6, 2012 to add additional Florida Cities (collectively, “FMPA”) (individually a “Party” and together the “Parties” including Recipients under paragraph 3 of this Confidentiality Agreement) wish to engage in confidential settlement negotiations concerning potential FMPA claims in connection with the current outage (the “Outage”) at the Crystal River Unit 3 (“CR3”) nuclear power plant; and

WHEREAS, this Confidentiality Agreement will encourage complete and unfettered settlement negotiations by ensuring that the Parties have confidence that their settlement communications will remain confidential;

NOW, THEREFORE, in consideration of the Parties’ agreement to engage in confidential settlement negotiations, the Parties agree as follows:

1. All Protected Material (as defined herein) exchanged by and between the Parties as part of settlement negotiations shall be kept confidential by the Parties, but as to FMPA to the extent permitted by Florida law, and shall be used by the Parties solely for confidential settlement negotiations and the related actions of the parties in the fulfillment or furtherance of such negotiations and performance under this Confidentiality Agreement, and shall not be used by the Parties for any other purpose, including, without limitation, for purposes of prosecuting or defending claims in connection with the Outage that may be asserted in any future litigation, arbitration, or other legal proceeding.
2. Protected Material means all documents prepared by Progress Energy or FMPA for use in connection with settlement discussions between Progress Energy and FMPA. Protected Material also includes all written and oral settlement discussions and communications between Progress Energy and FMPA.
3. The Parties may disclose Protected Material to (i) counsel retained to represent their interests in connection with the Outage; (ii) consultants retained by the Parties solely for purposes of negotiating settlement of potential claims in connection with the Outage; and (iii) in response to a valid public records request or as otherwise required by judicial or governmental action (including by subpoena), except that the Party subject to such request or action shall promptly notify the other Party of the same so that the other Party may, if it elects, seek at its own cost to contest, limit, or otherwise protect the Protected Material. In the event of (iii) above, FMPA, to the extent permitted by Florida law, agrees to cooperate with PEF in any proceeding to maintain the confidentiality of the Protected Material at issue. Recipients of Protected Material are to be informed of the existence of this Confidentiality Agreement and requested in writing to abide by its terms.

Exhibit A

4. Usage of Protected Material also shall be subject to Rule 408 of the Federal Rules of Evidence and section 90.408, Florida Statutes.
5. Neither this Confidentiality Agreement nor any acts taken under or pursuant to this Confidentiality Agreement shall preclude either Party from using or disclosing its own information or documents, or information or documents that it obtains other than from these confidential settlement negotiations, including, but not limited to, any documents obtained pursuant to the rights of FMPA (expressly including each of the Florida Cities) under the Crystal River Unit No. 3 Participation Agreement, dated July 31, 1975.
6. Except to enforce the terms of this Confidentiality Agreement or to respond to assertions about its effect, no Party shall use the execution of this Confidentiality Agreement, or any negotiations leading to its execution, against the other Party in any litigation, arbitration, or other legal proceeding.
7. This Confidentiality Agreement may be signed in separate counterparts, with the same force and effect as if all Parties had executed a single copy of the Confidentiality Agreement.
8. Upon written notice by either Party to counsel for the other Party, this Confidentiality Agreement shall terminate, but all protections and privileges set forth herein shall survive and continue even after termination, including without limitation, the provisions contained in Paragraphs 1, 2, and 3 of this Confidentiality Agreement.
9. The undersigned warrant and represent that they have the authority to enter into this Confidentiality Agreement on behalf of Florida Power Corporation d/b/a Progress Energy Florida, Inc. and FMPA, respectively.

DATED: September 10, 2012

Florida Power Corp. d/b/a Progress Energy Florida

By: [Signature]

Its: Assistant General Counsel

DATED: September 10, 2012

Florida Municipal Power Agency, on behalf of itself and the Florida Cities

By: [Signature]

Its: General Manager & CEO

EXHIBIT B

PROPOSED MEMBER COST ALLOCATION FOR CR3 NEGOTIATIONS WITH PROGRESS ENERGY FLORIDA

Member	Ownership Energy (MWh) [1]	Purchased Energy (MWh) [2]	Total Energy (MWh)	Proposed Cost Allocation (%) [3]
Gainesville	90,973	24,412	115,385	21.99%
OUC	103,482	0	103,482	19.72%
Ocala	86,152	0	86,152	16.42%
Leesburg	53,269	0	53,269	10.15%
New Smyrna Beach	36,237	9,019	45,256	8.62%
KUA	43,642	0	43,642	8.32%
Homestead	0	30,482	30,482	5.81%
Mt. Dora	0	13,131	13,131	2.50%
Bartow [4]	0	8,563	8,563	1.63%
FMPA (ARP) [4]	0	5,469	5,469	1.04%
Alachua	5,034	0	5,034	0.96%
Williston	0	4,740	4,740	0.90%
Chattahoochee	0	4,593	4,593	0.88%
Quincy [4]	0	3,000	3,000	0.57%
Bushnell	2,507	0	2,507	0.48%
Newberry [5]	0	0	0	0.00%
Havana [6]	0	0	0	0.00%
Total	421,296	103,409	524,705	100.00%

[1] Represents the assumed average level of energy each CR3 owner could have expected to have received from CR3 in a typical year.

[2] Amounts represent the estimated average annual requirements energy each city purchased from PEF over the period 2010-2011 (calendar years) that could have been expected to have come from CR3 had the unit been in service.

[3] Represents each member's total energy from CR3 as a percent of the entire group's energy from CR3.

[4] Bartow, the FMPA ARP, and Quincy stopped purchasing requirements energy from PEF effective January 1, 2011, and are no longer exposed to baseload energy purchases from PEF. Additionally, Bartow, the FMPA ARP, and Quincy received reimbursement from PEF for at least a portion of their increased purchased power costs in 2010 due to the CR3 outage. As such, their respective claims to damages are limited compared to many of the Florida Cities, and their respective cost allocations have been adjusted, accordingly.

[5] At this time, since Newberry i) joined the ARP in 2000 and began taking service from the ARP on January 1, 2006, and ii) no longer purchases energy directly from PEF, Newberry has not been allocated any costs.

[6] At this time, since Havana i) joined the ARP in 2000 and began taking service from the ARP on May 1, 2003, and ii) no longer purchases energy directly from PEF, Havana has not been allocated any costs.