AGREEMENT FOR PURCHASE AND SALE

OF ELECTRIC ENERGY AND CAPACITY, GAS TRANSPORTATION CAPACITY AND

ASSET MANAGEMENT SERVICES

BETWEEN

THE CITY OF VERO BEACH

AND

ORLANDO UTILITIES COMMISSION

APRIL [~~1~~ 21], 2008

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AGREEMENT FOR THE PURCHASE AND SALE OF ELECTRIC ENERGY AND CAPACITY, GAS TRANSPORTATION CAPACITY AND ASSET MANAGEMENT SERVICES

This AGREEMENT FOR THE PURCHASE AND SALE OF ELECTRIC ENERGY AND CAPACITY, GAS TRANSPORTATION CAPACITY AND ASSET MANAGEMENT SERVICES (this "Agreement") is entered into as of the 21st day of April, 2008, ("Effective Date") by and between THE CITY OF VERO BEACH, a municipal corporation in the State of Florida, duly constituted under Florida law ("Vero Beach"), and the ORLANDO UTILITIES COMMISSION, a municipal quasi-governmental agency organized under the State of Florida ("OUC"). Vero Beach and OUC are referred to also individually as a "Party," or collectively as the "Parties."

WHEREAS, Vero Beach is a public agency as defined in Section 163.01(3)(b), Florida Statutes, as amended, a municipally-owned electric distribution utility, and a member of the Florida Municipal Power Agency ("FMPA");

WHEREAS, Vero Beach is a party to certain power sales contracts (listed in Exhibit E hereto), pursuant to which Vero Beach has an entitlement to approximately 50 MW (not including CROD MW quantities) of generation capacity and energy ("Generation Entitlement Contracts"), and related gas transmission and oil reserves;

WHEREAS, Vero Beach is the owner of an electric generating plant at 100 17th Street, Vero Beach, Florida, consisting of five generating units with a total capacity of 150 MW on a 19 acre site on the West Bank of the Indian River. The capacity of each unit is: Unit 1, 12.5 MW; Unit 2, 16.5 MW; Unit 3, 34.0 MW; Unit 4, 56.0 MW; and Unit 5, 38.0 MW. Units 2 and 5 run in combined-cycle and are referred to collectively as the "Vero CC." Units 1, 3 and 4 and the Vero CC are hereinafter referred to collectively, as the "Vero Beach Power Plant;"

WHEREAS Vero Beach's entitlements to electric energy and capacity under the Generation Entitlement Contracts and the energy and capacity generated by the Vero Beach Power Plant are referred to in this Agreement collectively as the "Generation Entitlements;"

WHEREAS, Vero Beach is seeking long-term wholesale power supplies to serve its load obligations to its customers ("Wholesale Electric Service") and to that end has issued a request for proposals ("RFP") for the provision by third parties of such power supplies;

WHEREAS, Vero Beach desires to optimize the use of its power production business and to that end has conducted an auction of its Generation Entitlements simultaneously with a solicitation of power supply to meet its load obligations ("Load Obligations") in order to effect trading around Vero Beach's Generation Entitlements;

WHEREAS, OUC desires to supplement the Generation Entitlements and Vero Beach wishes to maximize the economic benefit of its entitlement to capacity and associated energy thereunder on the terms and conditions set forth herein;

WHEREAS, Vero Beach has contracted with Florida Gas Transmission ("FGT") for FTS-1 gas transportation capacity through August 1, 2015 ("FTS-1 Transportation Capacity")

and for FTS-2 gas transportation capacity through February 29, 2026 ("FTS-2 Transportation Capacity") (together the "Gas Transportation Contracts");

WHEREAS, Vero Beach desires to assign to OUC and OUC agrees to assume Vero Beach's right title and interest in gas transportation capacity under the Gas Transportation Contracts for the term of this Agreement;

WHEREAS, OUC wishes to optimize and supplement Vero Beach's Generation Entitlements to supply Wholesale Electric Service to Vero Beach to enable Vero Beach to meet its Load Obligations to its customers, and Vero Beach desires to acquire such long-term power supplies from OUC, on the terms and conditions set forth herein; and

WHEREAS the Parties agree and acknowledge that the provision of management services by OUC to Vero Beach and the supply of Supplemental Wholesale Electric Service for Vero Beach's Load Obligations by OUC to Vero Beach are transactions that are mutually dependent upon one another so that the failure of a condition precedent to the consummation of the Wholesale Electric Service obligation, or the early termination of the Wholesale Electric Service obligation due to a default by a party of its obligations hereunder with respect thereto, shall cause the failure of a condition with respect to, or a termination of, as the case may be, any other transactions related to the obligations of either Party under this Agreement;

WHEREAS, in addition and supplemental to their other powers, OUC and Vero Beach, pursuant to the Florida Interlocal Cooperation Act of 1969, Chapter 163, Part I, Florida Statutes, as amended, and specifically Section 163.01(15) thereof (the "Interlocal Act"), are authorized and empowered to cooperate with each other on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of government organizations that will best accord with geographic, economic, electrical generation requirements and other factors;

WHEREAS, this Agreement is entered into by OUC and Vero Beach, as an interlocal agreement, invoking all of the powers of the Interlocal Act, for the purpose of providing a structure for OUC in participation with Vero Beach, to participate jointly in an electric project, in full compliance with the Interlocal Act;

NOW, THEREFORE, for and in consideration of the foregoing, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of exercising powers enumerated in the Interlocal Act and the Florida Joint Power Act, Part II of Chapter 361, Florida Statutes, as amended, OUC and Vero Beach, as public agencies, within the meaning of the aforementioned Acts, hereby designates this Agreement as an interlocal agreement pursuant to the Interlocal Act, and the Parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

All capitalized terms used and not otherwise defined in the body of this Agreement or in the body of Exhibits A, B and C hereto, shall have the meanings given such terms in Exhibit D hereto.

ARTICLE 2
ASSIGNMENT OF GAS TRANSPORTATION

In consideration of the pricing for electric capacity and energy provided by OUC to Vero Beach during the Term of this Agreement, Vero Beach hereby agrees to assign to OUC, and OUC agrees to assume and take from Vero Beach, for the Term of this Agreement, all of Vero Beach's right, title and interest to the gas transportation capacity to which Vero Beach has an entitlement under the Gas Transportation Contracts on the terms and conditions hereto. Such assignment shall be a release at the maximum rates indicated in the Gas Transportation Contracts. Upon expiration of this Agreement or upon early termination of this Agreement, the right, title, obligations and interest in the gas transportation capacity under the Gas Transportation Contracts shall revert to Vero Beach.

ARTICLE 3
WHOLESALE ELECTRIC SERVICE

In consideration of the payments for electric capacity and energy provided to OUC by Vero Beach during the Term of this Agreement, OUC hereby agrees to sell and deliver to Vero Beach, and Vero Beach hereby agrees to buy and receive from OUC, Wholesale Electric Service to supplement Vero Beach's Generation Entitlements, on the terms and conditions set forth in this Agreement.

ARTICLE 4
CONDITIONS

Section 4.1. Conditions to Obligations of Vero Beach.

The obligations of Vero Beach under this Agreement are subject to the fulfillment and satisfaction of each of the following conditions on or before the dates indicated, any one or more of which may be waived only in writing, in whole or in part, by Vero Beach:

(a) Representations, Warranties and Covenants True at the Effective Date. (i) All representations and warranties of OUC contained in this Agreement shall be true and correct in all material respects as of the Effective Date and at and as of the Turnover Date as though such representations and warranties had been made or given on such date (except to the extent such representations and warranties specifically pertain to an earlier date), except (A) for changes contemplated by this Agreement and (B) where the failure to be true and correct will not have a material adverse effect on Vero Beach's rights under this Agreement; (ii) OUC shall have performed and complied with, in all material respects, its obligations that are to be performed or complied with by it hereunder prior to or on the Effective Date or the Turnover Date (as applicable); and (iii) OUC shall have delivered on or before the Turnover Date a certificate signed by one of its duly authorized officers certifying as to the fulfillment of the conditions set forth in the foregoing clauses (i) and (ii).

(b) Required Approvals. All the approvals and authorizations set forth in Exhibit F hereto, shall have been received on or before the Effective Date.

(c) Legal Opinions. Vero Beach shall have received from counsel to OUC an enforceability opinion, dated as of the Effective Date.

(d) No Material Adverse Change. No change in the business, properties, financial condition, results of operations or prospects of OUC shall have occurred and be continuing which have a material adverse effect on OUC's ability to perform under this Agreement as of the Turnover Date.

(e) Absence of Litigation. No claims, actions, suits, grievances, arbitrations or proceedings shall be pending or threatened against OUC with respect to the transactions contemplated hereunder as of the Effective Date.

(f) Firm Transmission Service. Vero Beach obtains Firm Transmission Service from FPL within a reasonable period after the Effective Date, and the terms of such service are reasonably acceptable to Vero Beach.

Section 4.2. Conditions to Obligations of OUC.

The obligations of OUC under this Agreement are subject to the fulfillment and satisfaction, on or before the dates indicated, of each of the following conditions, any one or more of which may be waived only in writing, in whole or in part, by OUC:

(a) Representations, Warranties and Covenants True at the Effective Date. (i) All representations and warranties of Vero Beach contained in this Agreement shall be true and correct in all material respects on the Effective Date and at and as of the Turnover Date as though such representations and warranties had been made or given on such date (except to the extent such representations and warranties specifically pertain to an earlier date), except (A) for changes contemplated by this Agreement and (B) where the failure to be true and correct will not have a material adverse effect on OUC's rights under this Agreement; (ii) Vero Beach shall have performed and complied with, in all material respects, its respective obligations that are to be performed or complied with by them hereunder prior to or on the Effective Date or the Turnover Date (as applicable); and (iii) Vero Beach shall deliver on or before the Turnover a certificate signed by its Mayor certifying as to the fulfillment of the conditions set forth in the foregoing clauses (i) and (ii).

(b) Required Approvals. All the approvals and authorizations set forth in Exhibit F hereto, shall have been received on or before the Effective Date.

(c) Legal Opinions. OUC shall have received from counsel to Vero Beach an enforceability opinion, dated as of the Effective Date.

(d) No Material Adverse Change. No material adverse change in the Gas Transportation Contracts, Generation Entitlements, business, properties, financial condition, results of operations or prospects of Vero Beach shall have occurred and be continuing, or with the passage of time, the giving of notice or both, shall be reasonably likely to occur as of the Turnover Date.

(e) Absence of Litigation. No claims, actions, suits, grievances, arbitrations or proceedings shall be pending or threatened against Vero Beach as of the Effective Date with respect to (i) this Agreement, (ii) the Gas Transportation rights for the Vero Beach Power Plant, or (iii) Generation Entitlement rights of Vero Beach which might have a material adverse effect on the benefits to be realized by OUC hereunder.

(f) Appointment of OUC as Representative. Vero Beach shall have formally designated OUC as its representative under the Generation Entitlement Contracts for the limited purposes and under the conditions set forth in Exhibit A hereto on or before the Turnover Date.

(g) Transfer of Gas Transportation Capacity. Vero Beach shall on or before the Turnover Date of this Agreement disaggregate its Gas Transportation Contracts from FGU and shall assign and transfer to OUC for the Term of this Agreement its gas transportation capacity under the Gas Transportation Contracts and such contracts shall be in full force and effect as of the date of the assignment and transfer. Such assignment shall be a permanent release during the Term at the maximum rates indicated in the Gas Transportation Contracts, and upon expiration of this Agreement, all right, title, obligations and interest in the gas transportation capacity under the Gas Transportation Contracts shall be permanently released back to Vero Beach.

(h) Firm Transmission Service. Vero Beach obtains Firm Transmission Service from FP&L within a reasonable period after the Effective Date.

Section 4.3. Coordination.

Vero Beach and OUC shall cooperate with each other and use all commercially reasonable efforts to (a) promptly prepare and file all necessary documentation, (b) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (c) obtain all necessary consents, approvals and authorizations of all other parties necessary or advisable to consummate the transactions contemplated by this Agreement.

Each Party shall keep the other Party reasonably apprised of the status of the conditions precedent to the occurrence of the Effective Date applicable to it. The Parties shall reasonably coordinate so that subject to the satisfaction of other prior conditions, the certificates, opinions and security to be delivered by a Party hereunder in connection with the Effective Date have been provided by the Effective Date.

ARTICLE 5
EFFECTIVE DATE AND TERM

Section 5.1. Effective Date.

This Agreement shall become effective on the Effective Date.

Section 5.2. Term; Termination.

(a) The "Term" of this Agreement shall be deemed to be the period from the Turnover Date and shall continue, unless sooner terminated in accordance with the provisions of this Agreement, for an initial period of twenty (20) years. The Term shall be automatically

extended for an additional ten (10) year term if the Parties can agree in writing by January 1, 2027, on any adjustment to the pricing terms and conditions of the Agreement for the extension period.

(b) If the conditions precedent to Vero Beach's and OUC's obligations hereunder set forth in Article 4 hereof have not been satisfied or waived on or prior to the dates indicated (or with respect to the condition in Section 4.1(e) and 4.2(h), within a reasonable period after the Effective Date), then at any time thereafter, either Party may terminate this Agreement on written notice of termination to the other Party, without any liability or obligation of any Party to the other as a result of such termination, unless prior to the delivery of any such written notice of termination the condition or conditions precedent which had not been satisfied are satisfied.

(c) If the Agreement is terminated by OUC pursuant to Subsection 12.2 or by Vero Beach under Appendix B, Section 1(a), then the following shall apply:

(i) If Vero Beach exercises its right to terminate this Agreement under Appendix B, Section 1(a), then Vero Beach shall thereafter have no further obligations hereunder other than (upon OUC's request) to do one or more of the following: (a) at OUC's option, purchase any portion of OUC owned assets constructed at the Vero Beach Power Plant site used to serve Vero Beach at the actual net book value at the time of termination and (b) to assume OUC's rights, obligations and liabilities under any or all contracts entered into by OUC with Vero Beach's approval solely for the purpose of providing electric energy and capacity to Vero Beach under this Agreement.

(ii) If OUC terminates this Agreement pursuant to Subsection 12.2 then OUC shall thereafter (a) have no further obligations hereunder and (b) shall have the right to require Vero Beach to purchase any or all OUC owned assets constructed at the Vero Beach Power Plant site at the actual net book value at the time of termination and (c) to require Vero Beach to assume OUC's rights, obligations and liabilities under any or all contracts entered into by OUC with Vero Beach's approval solely for the purpose of providing electric energy and capacity to Vero Beach under this Agreement.

Section 5.3. Notice.

Each Party shall notify the other Party promptly if any information comes to its attention prior to the Turnover Date that it believes will excuse such Party from the performance of its obligations under this Agreement or would or might cause any condition set forth in Article 4 not to be satisfied on or prior to the Turnover Date or Effective Date (as applicable).

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

Section 6.1. General Representations and Warranties.

Each Party hereby represents and warrants to the other that:

(a) It is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and is duly qualified to do business in all jurisdictions where such qualification is required.

(b) It has or will have prior to the Effective Date full power and authority to enter this Agreement and perform its obligations hereunder. The execution, delivery and performance of this Agreement have been duly authorized by all necessary municipal action and do not and will not contravene its organizational documents or conflict with, result in a breach of, or entitle any party (with due notice or lapse of time or both) to terminate, accelerate or declare a default under, any agreement or instrument to which it is a party or by which it is bound. The execution, delivery and performance by it of this Agreement will not result in any violation by it of any law, rule or regulation applicable to it. It is not a party to, nor subject to or bound by, any judgment, injunction or decree of any court or other governmental entity which may restrict or interfere with the performance of this Agreement by it or may materially and adversely affect the business, property, financial condition, results of operations or prospects of such Party. This Agreement is its valid and binding obligation, enforceable against it in accordance with its terms, except as (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) the remedy of specific performance and injunctive relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Except for those approvals listed in Exhibit F, no consent, waiver, order, approval, authorization or order of, or registration, qualification or filing with, any court or other governmental agency or authority or other person is required for the execution, delivery and performance by such Party of this Agreement and the consummation by such Party of the transactions contemplated hereby. No consent or waiver of any party to any contract to which such Party is a party or by which it is bound is required for the execution, delivery and performance by such Party of this Agreement that has not been or will by the Effective Date have been duly obtained.

(d) There is no action, suit, grievance, arbitration or proceeding pending or, to the knowledge of such Party, threatened against or affecting such Party at law or in equity, before any federal, state, municipal or other governmental court, department, commission, board, arbitrator, bureau, agency or instrumentality which prohibits or impairs its ability to execute and deliver this Agreement or to consummate any of the transactions contemplated hereby. Such Party has not received written notice of and otherwise is not aware of any such pending or threatened investigation, inquiry or review by any governmental entity.

Section 6.2. Representations of Vero Beach.

Vero Beach hereby represents and warrants to OUC that:

(a) Each of the Gas Transportation Contracts constitutes a valid and binding obligation of Vero Beach, and, to Vero Beach's knowledge, constitutes a valid and binding obligation of each Counterparty and is in full force and effect and are fully assignable to OUC for the Term of this Agreement.

(b) True and correct copies of the Generation Entitlement Contracts and Gas Transportation Contracts, including any and all amendments thereto and all written contracts, agreements, commitments, understandings or instruments relating to, or otherwise affecting, the Generation Entitlement Contracts and Gas Transportation Contracts, have been delivered to OUC, and Vero Beach has not taken or failed to take any action which would result in any other modification or amendment of any Generation Entitlement Contracts or Gas Transportation Contract, or the waiver of any material term of any Generation Entitlement Contracts or Gas Transportation Contract.

(c) There is not, under any Generation Entitlement Contracts or Gas Transportation Contract, any default or event which, with notice or lapse of time or both, would constitute a default on the part of Vero Beach, or to Vero Beach's knowledge, on the part of a Counterparty. Without limiting the generality of the foregoing, all payments due from Vero Beach under the Generation Entitlement Contracts or Gas Transportation Contracts have been paid in full.

(d) Vero Beach has not received any notification of, and is not aware of any claim alleging any breach with respect to any Generation Entitlement Contract or Gas Transportation Contract, or any agreement or arrangement relating thereto, including interconnection, transmission and financing arrangements.

(e) Vero Beach has the right to sell or assign electric capacity and energy or gas transportation capacity under the Gas Transportation Contracts and has not granted, or suffered to exist any lien, mortgage, encumbrance, charge, pledge, security interest, entitlement or other similar right of any kind with respect to any of the Gas Transportation Contracts, or its interest therein, or with respect to the Vero Beach Power Plant.

(f) Vero Beach shall use commercially reasonable efforts to operate and maintain the Vero Beach Power Plant as recommended by OUC during the Term consistent with Section 4.1 of Exhibit B and in accordance with Prudent Utility Practice. Vero Beach shall also comply with all applicable local, state and federal laws, regulations and ordinances, and all applicable federal, state and local environmental laws and regulations presently in effect or which may be enacted after the Effective Date of this Agreement.

(g) No claims, actions, suits, grievances, arbitrations or proceedings are pending or, to the knowledge of Vero Beach, threatened with respect to any of the Generation Entitlement Contracts, Gas Transportation Contracts, or the transactions contemplated thereunder or the Vero Beach Power Plant. There are no judgments, orders, decrees, citations, fines or penalties heretofore assessed against Vero Beach with respect to any of the Generation Entitlement Contracts, Gas Transportation Contracts or the transactions contemplated thereunder.

Section 6.3. Representations of OUC.

OUC hereby represents and warrants to Vero Beach that OUC has made a complete and thorough review of the Generation Entitlement Contracts and Gas Transportation Contracts sufficient for it to understand the benefits and risks of the transactions contemplated by this Agreement, and that it is not relying on any representations or warranties by Vero Beach or any person actually or purportedly acting on Vero Beach's behalf with respect to any matter affecting

or arising out of or in connection with the Generation Entitlement Contract or Gas Transportation Contracts, except as otherwise expressly set forth herein.

Section 6.4. Disclaimers.

EXCEPT AS PROVIDED IN SECTIONS 6.1 AND 6.2(a), OUC ACKNOWLEDGES AND AGREES THAT VERO BEACH MAKES NO REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING THE GENERATION ENTITLEMENT CONTRACTS AND GAS TRANSPORTATION CONTRACTS, INCLUDING, IN PARTICULAR, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED, OTHER THAN THOSE EXPRESSLY SET FORTH HEREIN. EXCEPT AS EXPRESSLY SET FORTH HEREIN, OUC EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PROVISION OF WHOLESALE ELECTRIC SERVICE HEREUNDER, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED.

ARTICLE 7
SECURITY

Section 7.1. OUC Security

OUC shall maintain a rating on senior unsecured debt securities of OUC by Standard and Poor's Corporation, Moody's Investors Service, Inc., Fitch IBCA or another nationally recognized rating service reasonably acceptable to Vero Beach of BBB+ (Standard and Poor's), Baa1 (Moody's) or BBB+ (Fitch) or its equivalent, or a rating equivalent to Vero Beach senior unsecured debt securities, whichever is lower. In the event that OUC's credit rating fails to meet said credit standing and OUC fails to restore its credit rating to said standing within 12 months after its rating has fallen, OUC shall upon request by Vero Beach provide a Letter of Credit, cash or bond sufficient to assure OUC's due performance under this Agreement.

ARTICLE 8
EVENTS OF DEFAULT

Section 8.1. Events of Default by OUC.

Any one or more of the following shall constitute an "Event of Default" hereunder with respect to OUC:

(a) OUC shall fail to pay any amounts to be paid by OUC hereunder to Vero Beach and such failure shall continue for more than ten (10) days beyond the due date.

(b) A default shall occur in the performance of any other material covenant or condition to be performed by OUC hereunder (other than a default specified in Section 8.1(a))

and such default shall continue unremedied for a period of thirty (30) days after notice from Vero Beach specifying the nature of such default.

(c) A custodian, receiver, liquidator or trustee of OUC or of all or substantially all of the property of either, is appointed or takes possession and such appointment or possession remains uncontested or in effect for more than sixty (60) days; or OUC makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts as they mature; or OUC is adjudicated bankrupt or insolvent; or an order for relief is entered under the Federal Bankruptcy Code against OUC; or all or substantially all of the material property of either is sequestered by court order and the order remains in effect for more than sixty (60) days; or a petition is filed against OUC under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect, and is not stayed or dismissed within sixty (60) days after filing.

(d) OUC files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect; or consents to the filing of any petition against it under any such law; or consents to the appointment of or taking possession by a custodian, receiver, trustee or liquidator of OUC or all or substantially all of the property of either.

Section 8.2. Events of Default by Vero Beach.

Any one or more of the following shall constitute an "Event of Default" hereunder with respect to Vero Beach:

(a) Vero Beach shall fail to pay any amounts to be paid to OUC and such failure shall continue for a period of more than ten (10) days beyond the due date.

(b) Default shall occur in the performance of any material covenant or condition to be performed by Vero Beach hereunder (other than a default specified in Section 8.2(a)) and such default shall continue unremedied for a period of thirty (30) days after notice from OUC specifying the nature of such default.

(c) A custodian, receiver, liquidator or trustee of Vero Beach or of all or substantially all of either of their property is appointed or takes possession and such appointment or possession remains uncontested or in effect for more than sixty (60) days; or Vero Beach makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts as they mature; or Vero Beach is adjudicated bankrupt or insolvent; or an order for relief is entered under the Federal Bankruptcy Code against Vero Beach; or all or substantially all of the material property of Vero Beach is sequestered by court order and the order remains in effect for more than sixty (60) days; or a petition is filed against Vero Beach under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect, and is not stayed or dismissed within sixty (60) days after filing.

(d) Vero Beach files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt,

dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect; or consents to the filing of any petition against it under any such law; or consents to the appointment of or taking possession by a custodian, receiver, trustee or liquidator of Vero Beach or all or substantially all of its property.

(e) Vero Beach shall not operate the Vero Beach Power Plant in a manner which (i) is outside of that which would comply with Prudent Utility Practices or (ii) jeopardizes permits required by OUC to serve Vero Beach and such default shall continue unremedied for a period of thirty (30) days after notice from OUC specifying the nature of such default.

Section 8.3. Remedies.

The Parties shall have the following remedies available to them with respect to the occurrence of an Event of Default with respect to the other Party hereunder. For purposes of this Section 8.3:

(a) Upon the occurrence of an Event of Default by either Party hereunder, the non-defaulting Party shall have the right to (i) collect all amounts then due to it from the defaulting Party hereunder, and (ii) terminate this Agreement at any time during the continuation of such Event of Default upon written notice to the defaulting Party. Notwithstanding any other provision of this Agreement, after the occurrence of an Event of Default and for so long as the Event of Default is continuing and has not been cured, the non-defaulting Party shall have the right, upon written notice to the defaulting Party, to suspend all performance under this Agreement until such Event of Default has been cured. In addition, if OUC is the defaulting Party, then Vero Beach shall have the right, but not the obligation, during the continuation of such default and prior to any termination of this Agreement, to purchase energy and capacity, in a commercially reasonable manner considering the circumstances of such default, from third parties at the Delivery Point in quantities sufficient to cover any shortfall in Wholesale Electric Service resulting from such default, and OUC shall reimburse Vero Beach for all costs, including both out-of-pocket and internal costs, incurred by Vero Beach related to such third-party purchases in excess of the cost that Vero Beach would otherwise have incurred for Wholesale Electric Service hereunder. If Vero Beach is the defaulting Party and, by reason of Vero Beach's default, OUC is not receiving all or a portion of electric energy and capacity or associated payments in accordance with the terms hereof, then OUC shall have the right, but not the obligation, during the continuation of such default and prior to any termination of this Agreement to discontinue Wholesale Electric Service to Vero Beach.

(b) If Vero Beach terminates this Agreement as a result of the occurrence of an Event of Default by OUC, then Vero Beach shall thereafter have no further obligations hereunder and shall have all rights and remedies available to it under applicable law, including the right to recover damages and shall thereafter have no further obligations hereunder other than (upon OUC's request) do one or more of the following: (a) at OUC's option, purchase any portion of OUC owned assets constructed at the Vero Beach Power Plant site used to serve Vero Beach at the actual net book value at the time of termination and (b) to assume OUC's rights, obligations and liabilities under any or all contracts entered into by OUC with Vero Beach's approval solely for the purpose of providing electric energy and capacity to Vero Beach under this Agreement.

(c) If OUC terminates this Agreement as a result of the occurrence of an Event of Default by Vero Beach, then OUC shall thereafter (a) have no further obligations hereunder and shall have all rights and remedies available to it hereunder and under applicable law, including the right to recover damages (b) have the right to require Vero Beach to purchase any or all OUC owned assets constructed at the Vero Beach Power Plant site at the actual net book value at the time of termination and (c) to have the right to require Vero Beach to assume OUC's rights, obligations and liabilities under any or all contracts entered into by OUC with Vero Beach's approval solely for the purpose of providing electric energy and capacity to Vero Beach under this Agreement.

(d) NOTHWITHSTANDING ANYTHING IN THE AGREEMENT TO THE CONTRARY, NO PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER INDEMNITY PROVISIONS OR OTHERWISE, INCLUDING WITHOUT LIMITATION, LOST PROFITS, LOST REVENUES, COST OF CAPITAL; LOSS OF USE, LOSS OF GOODWILL, REPLACEMENT POWER OR CLAIMS OF CUSTOMERS.

(e) The remedies provided for in this Section 8.3 shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

(f) NOTHWITHSTANDING ANY PROVISION IN THIS AGREEMENT TO THE CONTRARY, THE TOTAL AGGREGATE LIABILITY OF OUC TO VERO BEACH AND OF VERO BEACH TO OUC UNDER THIS AGREEMENT, WHETHER BASED ON CLAIMS ARISING UNDER TORT, CONTRACT, STRICT LIABILITY OR ANY OTHER THEORY OF RECOVERY, SHALL NOT EXCEED THE FOLLOWING:

(i) FOR EITHER PARTY, OTHER THAN AS TO THE CONDITIONS SET FORTH IN f(ii) (FOR OUC) AND f(iii) (FOR VERO BEACH), AN AMOUNT EQUAL TO TWENTY MILLION DOLLARS ($20,000,000.00);

(ii) FOR OUC, WHERE VERO BEACH CAN DEMONSTRATE OUC HAS BREACHED THIS AGREEMENT FOR PURPOSES OF PURSUING MORE FAVORABLE MARKET SALES FOR ENERGY OR CAPACITY, AN AMOUNT EQUAL TO FIFTY MILLION DOLLARS ($50,000,000.00); AND,

(iii) FOR VERO BEACH, WHERE OUC CAN DEMONSTRATE VERO BEACH HAS BREACHED THIS AGREEMENT FOR PURPOSES OF PURSUING MORE FAVORABLE MARKET PURCHASES FOR WHOLESALE ENERGY OR CAPACITY, AN AMOUNT EQUAL TO FIFTY MILLION DOLLARS ($50,000,000.00).

ARTICLE 9
INDEMNIFICATION

Section 9.1. Indemnification by OUC.

To the extent permitted by Florida law, OUC shall indemnify, defend and hold harmless Vero Beach and its respective commissioners, city council members, officers, directors, agents, representatives and employees from and against any and all loss, costs, expense, claims, demands, liabilities (including reasonable attorneys' fees), judgments, fines, settlements and other amounts arising from any and all claims relating to or arising out of:

(a) any willful misconduct or illegal acts of OUC;

(b) any damages awarded against Vero Beach in a claim by a third party to the extent arising from the negligent acts or omissions of OUC or any of its agents or employees in exercising its rights or performing its obligations hereunder after the Effective Date.

Section 9.2. Indemnification by Vero Beach.

To the extent permitted by Florida law, Vero Beach shall indemnify, defend and hold harmless OUC, its commissioners, officers, directors, agents, representatives, employees and affiliates from and against any and all loss, costs, expense, claims, demands, liabilities (including reasonable attorneys' fees), judgments, fines, settlements and other amounts arising from any and all claims relating to or arising out of:

(a) any willful misconduct or illegal acts of Vero Beach;

(b) any damages awarded against OUC in a claim by a third party to the extent arising from the negligent acts or omissions of Vero Beach or any of its agents or employees in exercising its rights or performing its obligations hereunder after the Effective Date.

ARTICLE 10
DISPUTE RESOLUTION

Section 10.1. Resolution By Officers of the Parties.

In the event of any dispute between the Parties as to a matter referred to herein or as to the interpretation of any part of this Agreement, including this Section 10.1 or as to the determination of any rights or obligations or entitlements arising from or related to this Agreement or as to the calculation of any amounts payable under this Agreement, the Parties shall refer the matter to their respective duly authorized representatives, for resolution. Should such representatives of the respective Parties fail to resolve the dispute within twenty (20) days from such referral, the Parties agree that any such dispute shall be first referred to non-binding mediation. Should mediation be unsuccessful within the times specified in Section 10.2, the Parties may pursue any legal or equitable remedies available under Florida law.

Section 10.2. Mediation Procedures.

A Party submitting a dispute to non-binding mediation (the "Requesting Party") shall do so by delivering to the other Party a notice demanding or requesting, as the case may be, mediation of the dispute and naming three acceptable mediators. Within thirty (30) days after the receipt of the notice from the Requesting Party, the other Party shall, in writing, serve upon the Requesting Party a notice of acceptance of one of the three mediators provided or offer three alternate mediators for consideration. Within twenty (20) days, the Parties shall mutually agree and appoint a mediator from the lists provided. To the extent practicable, the mediator shall have special competence and experience with respect to the subject matter under consideration. No mediator appointed shall have the power to amend or add to this Agreement. Within twenty (20) days after the mediator is named, a time and date for the mediation shall be scheduled and documented in writing. The mediator thereupon shall proceed promptly to hear and determine the controversy. The mediator shall fix a time within which the matter shall be submitted to him or her by both of the Parties. If mediation is successful, any settlement achieved through mediation shall be confidential and made in writing and in duplicate, and one copy shall be delivered to each of the Parties. Each Party shall pay the costs of its own counsel and share equally the cost of the mediator services. Each Party shall accept and abide by any mediation decision approved by the Parties. Judgment upon such award may be entered by the prevailing Party in any court having jurisdiction thereof, or application may be made by such Party to any such court for judicial acceptance of such award and an order of enforcement. Either Party shall have the right to seek a temporary or preliminary injunction from a court of competent jurisdiction prior to the mediation.

Section 10.3. Binding Award.

Once accepted by the Parties, the decision of the mediator and any award made hereunder shall be binding upon each Party and the successors and assigns and any trustee or receiver of each Party.

Section 10.4. Legal Remedies.

If mediation is unsuccessful, either Party may pursue any legal rights and remedies made available under Florida Law.

Section 10.5. Continued Performance.

Except to the extent a Party has the right to suspend performance under Section 8.3 hereof, no dispute shall interfere with the Parties' continued fulfillment of their obligations under this Agreement pending the outcome of the mediation process or a decision by the Florida courts.

ARTICLE 11
APPOINTMENT OF OUC AS ADMINISTRATOR FOR MANAGEMENT OF ENTITLEMENT

Section 11.1. Appointment as its Administrator Under Generation Entitlement Contracts.

Subject to the terms of this Agreement, Vero Beach shall on the Turnover Date appoint OUC as its Administrator during the Term of this Agreement to act on Vero Beach's behalf (subject to any limitations set forth in this Agreement on altering any such agreements) solely for the purposes of (a) carrying out the direction and use of Vero Beach's entitlements under the Generation Entitlement Contracts and (b) scheduling and utilizing the electric capacity and energy entitlements of Vero Beach thereunder as OUC deems it necessary to provide wholesale service to Vero Beach under this Agreement. OUC shall accept such appointment and agrees that it shall discharge its responsibilities as Administrator for Vero Beach in accordance with the terms of this Agreement and in accordance with Prudent Utility Practice; *provided, however*, that notwithstanding any other provision in this Agreement to the contrary, nothing contained in this Section 11.1 is intended to nor shall it be construed as an assignment by Vero Beach of its rights, title or interest in the Generation Entitlement Contracts or as a grant by Vero Beach to OUC of any of its governmental, regulatory or police power functions. Vero Beach specifically reserves the right to exercise any and all such governmental, regulatory and police power functions as necessary or appropriate under its respective governing documents and in accordance with Florida law.

Section 11.2. Executive Committee.

The Parties hereby establish a Project Executive and Review Committee. The Project Executive and Review Committee shall consist of an authorized representative from each Party. The Project Executive and Review Committee will provide oversight and review of issues that may arise under the Generation Entitlement Contracts or at the Vero Beach Power Plant from time to time as may be identified by OUC as Vero Beach's Administrator or by Vero Beach. Decisions by the Project Executive and Review Committee will be made by consensus and shall be subject to final approval by the respective governing boards of the Parties as appropriate.

Section 11.3. Limitation of Liability For Administrative Services.

Vero Beach acknowledges that OUC shall receive no compensation for the management of the Generation Entitlement Contracts as provided under this Article 11 and, except for any general indemnity obligations under this Agreement, OUC does not assume any liability associated with such management services nor does OUC warrant such management services. If OUC as Vero Beach's Administrator under the Generation Entitlement Contracts fails to perform its duties, responsibilities, obligations or functions hereunder in accordance with Prudent Utility Practice, then, following receipt of written notice of any such failure from Vero Beach, OUC shall have thirty (30) days to cure such failure, or if such failure cannot reasonably be cured within such thirty (30) day period then such reasonable period necessary to cure such failure using due diligence; *provided, however*, that notwithstanding the foregoing cure period, Vero Beach shall have the right to take reasonable action necessary to protect against immediate harm to facilities or personnel or violations or breach under the Generation Entitlement Contracts. If

OUC fails to cure any failure arising under the immediately preceding sentence within the applicable cure period, then Vero Beach shall have the right to correct the defective performance. OUC's maximum liability with respect to any act or omission in the management of the Generation Entitlement Contracts, marketing of capacity from the Vero Beach Power Plant, and other agency and advisory services for which OUC is not charging a fee shall be twenty five thousand dollars ($25,000.00), whether a claim is brought under contract, tort or any other theory of recovery.

ARTICLE 12
OPTION FOR VERO BEACH POWER PLANT SITE

Section 12.1. Site Option.

In consideration of the pricing of the wholesale energy and capacity agreed by OUC under this Agreement, Vero Beach hereby grants OUC an option to lease, for a minimum of the useful life of the asset, a portion of the Vero Beach Power Plant site for purposes of permitting, constructing, operating and maintaining a power generation facility which will be used to serve all or a portion of the energy and capacity needs of Vero Beach under this or any subsequent agreement between OUC and Vero Beach. The value of the site will be determined based on a certified appraisal evaluating the site as property zoned for industrial use which will be used to determine a lease payment to Vero Beach. The location of such facility on the Vero Beach Power Plant site and the amount of land required by OUC to site and construct a power generating facility will be determined by mutual agreement between the Parties.

Section 12.2. Exercising the Option.

OUC may at any time during the Term of this Agreement, exercise the option to lease the Vero Beach Power Plant site by providing Vero Beach two (2) years' prior written notice of its decision to exercise the option. The Parties shall enter into negotiations forthwith, of the terms of the lease, including but not limited to, the length of the lease term, the price to be paid by OUC to Vero Beach, the exact location on the Vero Beach Power Plant site of the proposed facility, and the size and type of facility to be built. In the event that the Parties are unable to reach agreement on such terms, and OUC demonstrates that the new facility is necessary in order to continue to serve Vero Beach's Load Obligations then OUC may terminate this Agreement pursuant to Section 5.2(c).

Section 12.3. Termination of Option.

The option granted to OUC under Section 12.1 above shall expire if not exercised by OUC on or before the date this Agreement is terminated by either Party or terminates under its own terms.

ARTICLE 13
VERO BEACH POWER PLANT MANAGEMENT SERVICES

During the Term this Agreement, OUC shall provide Vero Beach with plant management services for the Vero Beach Power Plant. Such management services shall be as set forth in Exhibit B.

ARTICLE 14
FORCE MAJEURE

Section 14.1. Force Majeure Standard.

OUC shall be excused from performing its obligations under this Agreement and shall not be liable in damages or otherwise, if and only to the extent that it is unable to so perform or is prevented from performing by an event of Force Majeure.

Section 14.2. Force Majeure Definition.

An event of "Force Majeure" means an event or circumstance that prevents or unduly frustrates the performance by OUC of its obligations under this Agreement which is not within the reasonable control of, or the result of the negligence of, OUC and which by the exercise of due diligence OUC is unable to overcome or avoid . Force Majeure includes, without limitation, hurricanes, tornadoes, flood, lightning, drought, earthquake, fire, explosion, terrorist attack, civil disturbance, strikes, acts of God, acts of the public enemy, orders, directives (including the state security coordinator), restraints and requirements of the government and governmental agencies, either federal, state or local, civil or military, or any other cause beyond a Party's control. Force Majeure shall not include (i) events affecting the cost of operating any generating facility, (ii) changes in market conditions which cause the price of energy or capacity to fluctuate including, without limitation, weather, fuel prices and supply and demand, or (iii) the inability of OUC to make a profit or avoid a loss in performing its obligations under this Agreement.

Section 14.3. Obligation to Diligently Cure Force Majeure.

If OUC shall rely on the occurrence of an event of Force Majeure as a basis for being excused from performance of its obligations under this Agreement, then OUC shall:

(a) Provide written notice to Vero Beach promptly but in no event later than five (5) days after the occurrence of the event or condition giving an estimation of its expected duration and the probable impact on the performance of its obligations hereunder;

(b) Exercise all reasonable efforts to continue to perform its obligations hereunder;

(c) Expeditiously take reasonable action to correct or cure the event or condition excusing performance, provided that settlement of strikes or other labor disputes shall be completely within the sole discretion of OUC; and,

(d) Exercise all reasonable efforts to mitigate or limit damages to the other Party to the extent such action shall not adversely affect its own interests.

ARTICLE 15
MISCELLANEOUS

Section 15.1. Assignment; Successors and Assigns.

This Agreement shall inure to the benefit of and bind the respective successors and permitted assigns of the Parties, including any successor to any Party by consolidation, merger, or acquisition of all or substantially all of the assets of such Party; provided, however, that no assignment by any Party (or any successor or assignee thereof) of its rights and obligations hereunder shall be made or become effective without the prior written consent of each other Party in each case obtained; provided, that OUC or any assignee of OUC may assign this Agreement as collateral security to any lender from time to time providing financing to OUC in connection with the transactions contemplated hereby, so long as OUC is not relieved of any obligation or liability hereunder as a result of such assignment. Vero Beach shall execute and deliver such documents as may be reasonably necessary to accomplish any such assignment, transfer, pledge or other disposition of rights and interests to any such lender so long as Vero Beach's rights under this Agreement are not thereby materially altered, amended, diminished or otherwise impaired. Any assignments by any Party shall be in such form as to ensure that such Party's obligations under this Agreement will be honored fully and timely by any succeeding party.

Section 15.2. Notices.

All notices, requests and other communications hereunder (herein collectively a "notice" or "notices") shall be deemed to have been duly delivered, given or made to or upon any Party if in writing and delivered by hand against receipt, or by certified or registered mail, postage pre-paid, return receipt requested, or to a courier who guarantees next business day delivery or sent by telecopy (with confirmation by return telecopy) to such Party at its address set forth below or to such other address as such Party may at any time, or from time to time, direct by notice given in accordance with this Section 15.2.

IF TO OUC:
Vice President, Power Generation Business Unit
500 South Orange Avenue
Orlando, Florida 32801
Tel: 407-423-9100
Facsimile: 407-275-4120
E-mail: jaspuru@ouc.com

IF TO VERO BEACH:
Director of Electric Utilities, City of Vero Beach
P.O. Box 1389
Vero Beach Florida, 32961-1389
Tel: 772-978-4710
Facsimile: 772-978-4716
E-mail: rsloan@covb.org

The date of delivery of any such notice, request or other communication shall be the earlier of (i) the date of actual receipt or (ii) three (3) business days after such notice, request or other communication is sent by certified or registered mail, (iii) if sent by courier who guarantees next business day delivery, the business day next following the day such notice, request or other communication is actually delivered to the courier or (iv) the day actually telecopied (with confirmation by return telecopy).

Section 15.3. Governing Law.

The rights and obligations of the Parties shall be construed and interpreted in accordance with the substantive law of the State of Florida without giving effect to its principles for choice of law.

Section 15.4. Confidentiality.

Each Party shall keep confidential, and shall not disseminate to any third party (other than such Party's affiliates) or use for any other purpose (except with the written authorization of the other Party), any information received from the other that is confidential or proprietary unless legally compelled by the Florida Sunshine Law disclosure requirements, deposition, inquiry, request for documents, subpoena, civil investigative demand or similar process, or by order of a court or tribunal of competent jurisdiction or in order to comply with applicable rules or requirements of any stock exchange, government department or agency or other regulatory authority, or by requirements of any securities law or regulation or other legal requirement or as necessary to enforce the terms of this Agreement. This Section 15.4 shall survive the termination of this Agreement for a period of two (2) years. If any Party is compelled to disclose any confidential information of the other Party, such Party shall request that such disclosure be protected and maintained in confidence to the extent reasonable under the circumstances and use reasonable efforts to protect or limit disclosure with respect to commercially sensitive terms. In addition, such Party shall provide the other Party with prompt notice of the requirement to disclose confidential information in order to enable the other Party to seek an appropriate protective order or other remedy, and such Party shall consult with the other Party with respect to the other Party taking steps to resist or narrow the scope of any required disclosure. The Parties shall reasonably coordinate in the preparation and issuance of all publicity relating to this Agreement.

Section 15.5. No Partnership.

Nothing contained in this Agreement shall be construed to create a partnership, joint venture or other relationship that may invoke fiduciary obligations between the Parties.

Section 15.6. Fees and Expenses.

Except as otherwise provided herein, Vero Beach and OUC shall pay all fees and expenses incurred by, or on behalf of, such Party in connection with, or in anticipation of, this Agreement and the consummation of the transactions contemplated hereby.

Section 15.7. Captions.

The captions to sections throughout this Agreement are intended solely to facilitate reading and reference to all sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement.

Section 15.8. Entire Agreement and Amendments.

This Agreement together with all of the exhibits, appendices and any attachments referred to herein sets forth the entire agreement of the Parties with respect to the subject matter herein and takes precedence over all prior understandings. This Agreement may not be amended except by an agreement in writing signed by the Parties.

Section 15.9. Severability.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the other provisions hereof. If any provision of this Agreement is held to be invalid, such provision shall not be severed from this Agreement; instead, the scope of the rights and duties created thereby shall be reduced by the smallest extent necessary to conform such provision to the applicable law, preserving to the greatest extent the intent of the Parties to create such rights and duties as set out herein. If necessary to preserve the intent of the Parties, the Parties shall negotiate in good faith to amend this Agreement, adopting a substitute provision for the one deemed invalid or unenforceable that is legally binding and enforceable.

Section 15.10. Further Assurances.

In connection with this Agreement and the transactions contemplated hereby, each Party shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and such transactions and the intention of the Parties.

Section 15.11. Laws and Regulations; Changes in Law.

This Agreement and the rights, obligations, and performances of the Parties under this Agreement are subject to all applicable state and federal laws, and to all duly promulgated orders and other duly authorized actions of governmental authorities having jurisdiction. Each Party hereto shall be responsible for taking all necessary actions to satisfy any regulatory requirements that may be imposed by any federal, state, or municipal statute, rule, regulation, or ordinance that may be in effect from time to time relative to the performance of such Party hereunder.

If and to the extent that, after the Effective Date of this Agreement, any laws or regulations which govern any transaction or duty of a Party contemplated herein shall change so as to (a) make this Agreement unlawful or (b) increase the cost to OUC of providing energy and capacity to Vero Beach, then OUC and Vero Beach hereby agree to use reasonable efforts to agree on such modifications to this Agreement as shall be reasonably necessary for the Agreement to accommodate any such legal or regulatory changes. If any such change in laws or regulation causes OUC to incur additional costs to provide the Wholesale Electric Service, OUC shall be entitled to adjust the pricing for such Wholesale Electric Service as provided in

Exhibit C. If any such change in laws or regulation reduces the cost to OUC to provide the Wholesale Electric Service, Vero Beach shall be entitled to an adjustment to the pricing for such Wholesale Electric Service as provided in Exhibit C to reflect such cost reduction as long as such reduction does not cause a subsidy by the remainder of OUC's retail customers.

Section 15.12. Counterparts.

This Agreement may be executed simultaneously in two or more counterparts, any of which need not contain the signatures of more than one Party, but all such counterparts taken together shall constitute one and the same Agreement.

Section 15.13. Interpretation.

In the event of any dispute concerning the construction or interpretation of this Agreement or any ambiguity hereof, there shall be no presumption that this Agreement or any provision hereof be construed against the Party who drafted this Agreement. In this Agreement, unless the context otherwise requires, the singular shall include the plural, the masculine shall include the feminine and neuter, and vice versa; the term "includes" or "including" shall mean "including, without limitation,"; references to an Article, Section, Exhibit or Appendix shall mean an Article, Section, Exhibit or Appendix of this Agreement; and the terms "hereof", "herein", "hereto", "hereunder" and "herewith" refer to this Agreement as a whole. Reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented and restated through the date as of which such reference is made.

Section 15.14. Independent Relationship.

Nothing in this Agreement unless specifically outlined in this agreement shall be construed or interpreted to make Vero Beach or its employees or agents, the agent, representative or employees of OUC.

Section 15.15. No Third Party Beneficiaries.

This Agreement shall not confer any rights or remedies upon any third party not a party hereto.

Section 15.16. Waivers.

The failure of a Party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of a Party thereafter to enforce each and every such provision. A waiver under this Agreement must be in writing and state that it is a waiver. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

Section 15.17. Duty to Mitigate.

Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of any other Party's performance or non-performance of this Agreement.

Section 15.18. Attorneys Fees.

Each Party shall be entitled to reimbursement of all reasonable costs incurred by it (including reasonable attorneys' fees incurred in the enforcement or attempted enforcement hereof) as a result of a breach of this Agreement by the other Party.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have caused this Agreement to be duly executed as an instrument under seal by their respective duly authorized representatives as of the date and year first above written.

ATTEST:

Tammy K. Vock

THE CITY OF VERO BEACH

By: Thomas P. White

Name: THOMAS P. WHITE

Title: MAYOR

APPROVED AS TO FORM:

Charles Vitale

Attorney for VERO BEACH

ATTEST:

Sharon L. Knudsen

ORLANDO UTILITIES COMMISSION

By:

Name: Kenneth P. Ksionek

Title: General Manager + CEO

APPROVED AS TO FORM:

Attorney for OUC

EXHIBIT A

MANAGEMENT OF GENERATION ENTITLEMENT CONTRACTS

ARTICLE 1
DEFINITIONS

Section 1.1 Capitalized Terms

Capitalized terms used and not otherwise defined in this Exhibit A shall have the meaning given such terms either in Exhibit D or elsewhere in this Agreement.

ARTICLE 2
MANAGEMENT OF ELECTRIC ENERGY AND CAPACITY

Section 2.1 Management of Electric Energy and Capacity

(a) In consideration of the performance of OUC's other obligations under this Agreement, and subject to the terms and conditions hereof, Vero Beach hereby agrees that OUC shall act as Administrator to manage all of Vero Beach's rights, title and interest in and to the electric energy and capacity under the Generation Entitlement Contracts listed in Exhibit E commencing on January 1, 2010 ("Turnover Date"). As a result of such appointment, OUC shall be entitled to utilize, as of the Turnover Date, any or all electric capacity and energy available to Vero Beach under the Generation Entitlement Contracts to serve Vero Beach's Load Obligations.

(b) Except as otherwise specifically provided herein, OUC hereby agrees starting on the Turnover Date and continuing through the Term of this Agreement to act as Vero Beach's Administrator to ensure all terms, conditions and obligations under each Generation Entitlement Contract are fulfilled; provided, however, that all contractual payments, costs and liabilities associated with the purchase of energy and capacity under the Generation Entitlement Contracts shall remain the sole responsibility of Vero Beach.

(c) Notwithstanding Section (a) and (b) above, the Parties acknowledge that this Agreement does not constitute an assignment of Vero Beach's contractual rights or obligations under the Generation Entitlement Contracts.

Section 2.2 Risk of Unit Performance

OUC understands that Vero Beach makes no representation, guaranty or warranty concerning the availability of electric capacity and energy under any Generation Entitlement Contract and that OUC shall have no remedy or recourse against Vero Beach in the case of any deficiency or failure pertaining to any unit associated with a Generation Entitlement Contract, or default by any Counterparty under any Generation Entitlement Contract.

Section 2.3 No Modification

OUC shall have no right to engage in negotiations with any Counterparty to modify, alter, amend, terminate or rescind any of the Generation Entitlement Contracts without the prior written approval of Vero Beach.

ARTICLE 3
PAYMENT AMOUNT; EXCLUDED LIABILITIES; BILLING AND PAYMENT

Section 3.1 Payment

OUC agrees to forward each month, commencing on the Turnover Date, invoices for all verified payment amounts due from Vero Beach under the Generation Entitlement Contracts, excluding any excluded liabilities (as defined in Section 3.2). Vero Beach shall make the payment obligations under the Generation Entitlement Contracts as directed by OUC.

Section 3.2 Excluded Liabilities

OUC shall not undertake or be liable for any of the following:

(a) Any obligation or liability of Vero Beach under the Generation Entitlement Contracts arising out of the performance or breach by Vero Beach of any of its obligations under this Agreement.

(b) Any fines or penalties imposed by governmental agencies under the Generation Entitlement Contracts.

(c) Any prior breach by Vero Beach of any term or provision of any contract, instrument or agreement relating to any of the Generation Entitlement Contracts.

(d) Any payment obligation under a Generation Entitlement Contract.

All such liabilities and obligations not being undertaken by OUC pursuant to this Section 3.2 are herein called "Excluded Liabilities."

Section 3.3 Billing and Payment

(a) On or about the tenth (10th) of each month, Vero Beach receives invoices under the Generation Entitlement Contracts. Within five (5) business days of receipt by Vero Beach of the invoices, Vero Beach shall prepare and forward to OUC a copy of the Generation Entitlement Contracts invoices. OUC shall verify and confirm the amounts requested under each such invoice and shall notify Vero Beach of the total verifiable payment to be made. Vero Beach shall pay such invoices directly to the Counterparty under the applicable Generation Entitlement Contract.

(b) Billing disputes will be resolved by Vero Beach directly with the Counterparty under the applicable Generation Entitlement Contract. OUC will cooperate with Vero Beach to provide all necessary information related to the disputed invoices.

Section 3.4 Operational Matters

(a) OUC will act as Vero Beach's Administrator to manage Vero Beach's contract obligations of Generation Entitlement Contracts outlined in Exhibit E. OUC will provide contract management for the Term of the Agreement at no additional fee to Vero Beach.

(b) With respect to the dispatch, scheduling of planned outages and any unplanned outages of each resource under any Generation Entitlement Contract, OUC shall have the right to communicate directly with any Counterparty, and attempt to resolve such issues directly with the applicable Counterparty.

(c) OUC as Administrator shall employ Prudent Utility Practice in all dealings with Vero Beach under this Exhibit A.

Section 3.5 Tax Exempt Bonds

OUC agrees that it shall not be entitled to use or permit to be used any electric capacity or energy under the Generation Entitlement Contracts or from the Vero CC in any manner or for any purpose or take any other action or omit to take any action which would result in the loss of the exclusion from gross income tax for Federal income tax purposes of the interest on the existing Bonds or on any Bonds that could be issued in the future as that status is governed by Section 103 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations or any rulings promulgated thereunder or as affected by a decision of any court of competent jurisdiction or the loss of State of Florida tax exempt status of the interest on such Bonds. OUC further agrees that thirty (30) days (or such other period of time as required under Vero Beach's Generation Entitlement Contracts) prior to entering into a contract with a private entity for a term greater than two (2) years whereby a person agrees to take, or pay for, electric capacity or energy under the Generation Entitlement Contracts from OUC, OUC shall notify Vero Beach of its intent to enter into such contract and shall provide copies of such contract to Vero Beach. As soon as practicable after receipt of such notice, Vero Beach shall advise OUC as to whether, in the opinion of Vero Beach's bond counsel, entering into such contract would result in a violation of the covenant contained in this Section 3.5. OUC agrees that if Vero Beach advises OUC that such a violation will or might result, OUC will not enter into such contract. OUC represents that it has no present intention of entering into any contract that would be subject to the provisions of this Section 3.5.

Section 3.6 Contract Administration Services

(a) As Administrator, OUC shall be responsible for all matters relating to the administration of the Generation Entitlement Contracts which shall remain in full force and effect, including without limitation, the following ("Administrative Services"):

(i) receiving invoices and verifying the appropriate charges to be paid by Vero Beach under the Generation Entitlement Contracts;

(ii) monitoring the Generation Entitlement Contracts; and

(iii) performing contract administration activities as provided for in the applicable Generation Entitlement Contract,

(b) OUC will have the right to enforce Vero Beach's rights under the Generation Entitlement Contracts.

(c) Vero Beach shall not take any action or fail to take any action after the Effective Date that would:

(i) bind OUC under the Generation Entitlement Contracts;

(ii) adversely affect the right of Vero Beach under the Generation Entitlement Contracts; or

(iii) alter, amend, change, modify or waive any provision under any Generation Entitlement Contract; or settle or agree to the resolution of a dispute under a Generation Entitlement Contract without the knowledge of OUC.

Section 3.7 Material Amendments

The prior written consent of each Party, which may be granted or withheld in each such Party's sole discretion, shall be required for any of the following actions under any of the Generation Entitlement Contracts:

(a) Term extensions or similar amendments; or

(b) Any other matter which such Party reasonably believes will materially increase such Party's financial risks or obligations thereunder or hereunder.

ARTICLE 4
VERO BEACH UNDERTAKINGS

Section 4.1 Provision of Information

To the extent that Vero Beach receives any information, notices, documents or other communications regarding operation, dispatch or scheduling, from any Counterparty relating to the Generation Entitlement Contracts, Vero Beach agrees promptly to advise OUC of such receipt and thereafter to forward such materials to OUC at the address set forth in Section 15.2 of the Agreement, or in such other manner as may reasonably be agreed upon by the Parties in writing.

Section 4.2 Enforcement of Generation Entitlement Contracts

Upon the request of OUC Vero Beach shall make reasonable efforts to enforce the provisions of any Generation Entitlement Contracts. Vero Beach shall perform these services at its own cost.

Section 4.3 Interim Conduct of Business

(a) Except to the extent OUC otherwise consents in writing, during the period from the date of this Agreement to the Turnover Date, Vero Beach shall (i) conduct its business with respect to the Generation Entitlement Contracts in the ordinary course of business consistent with the past practices of Vero Beach and with Prudent Utility Practice, (ii) use all reasonable efforts to preserve intact the Generation Entitlement Contracts, and (iii) not take any action with respect to any of such agreements which would have a material adverse affect on the continued performance of Vero Beach or the Counterparty thereunder. Without limiting the generality of the foregoing, without the prior written consent of OUC, Vero Beach shall not agree to modify, amend or terminate any of the Generation Entitlement Contracts in any respect.

(b) Between the Effective Date hereof and the Turnover Date, Vero Beach shall afford to OUC access to Vero Beach's books and records relating to the Generation Entitlement Contracts during Vero Beach's normal business hours and on reasonable notice.

EXHIBIT B

MANAGEMENT OF ELECTRIC ENERGY AND CAPACITY FROM THE VERO BEACH POWER PLANT

ARTICLE 1
DEFINITIONS

All capitalized terms used and not otherwise defined in the body of this Exhibit B shall have the meanings given to such terms in Exhibit D or elsewhere in this Agreement.

ARTICLE 2
DESCRIPTION OF THE VERO BEACH POWER PLANT

Section 2.1 Summary Description

The Vero Beach Power Plant is located at 100 17th Street in the City of Vero Beach and is wholly-owned by Vero Beach. The Vero Beach Power Plant consists of five steam generating units with a total capacity of 150 MW. The units range in size from 12.5 to 56.0 MW and offer load-following capability. In addition to providing peaking capacity to the electric system in central Florida, the units of the Vero Beach Power Plant are often dispatched in smaller increments when a small amount of incremental capacity is required to serve the load requirements economically. The Vero Beach Power Plant offers emergency start capability and is dispatched when VAR support is needed for eastern Florida.

Section 2.2 Description of Units 1, 3 and 4

The capacity of Units 1, 3 and 4 is 12.5 MW, 34.0 MW and 56.0 MW, respectively. Units 1 and 3 use once-through cooling water from the Indian River Lagoon and Unit 4 uses a closed-loop cooling tower with reclaimed waste water from Vero Beach's nearby water treatment plant. Units 1, 3 and 4 have dual-fuel capability that provides enhanced reliability to the units, the ability to arbitrage between natural gas and oil prices, and economic benefits by avoiding capacity overage penalties when the natural gas transportation system is at peak level. The primary fuel of Units 1, 3 and 4 is natural gas, with low sulfur No. 6 fuel oil as the back-up fuel.

Section 2.3 Description of Vero CC

Units 2 and 5 typically run in combined cycle and are referred to collectively as the "Vero CC." Waste heat from the combustion turbine is directed to a heat recovery steam generator (HRSG) where sufficient steam is produced to operate the Unit 2 steam turbine at no additional cost. The primary fuel type for the Vero CC is natural gas, with low sulfur No. 2 fuel oil as the back-up fuel source.

Section 2.4 Oil Reserves

Vero Beach owns two fuel tanks at the Vero Beach Power Plant. Tank No. 1 is capable of storing 1.5 million gallons of fuel oil and is currently configured for low sulfur No. 2 fuel for

back-up fuel supplies for the Unit 5 gas turbine ("Tank I"). Tank No. 2 is capable of holding 3.0 million gallons of oil and is currently configured for low sulfur No. 6 fuel oil for back-up supplies for the Units 1, 3 and 4 boilers ("Tank 2").

Section 2.5 Net Capability

The Net Capability of each of the units of the Vero Beach Power Plant, as measured at the high side of each Unit's generator step-up transformer, shall be the summer seasonal net capability and the winter seasonal net capability, as provided in the definition of "Net Capability" in Exhibit D, as determined from time to time by the results of the most recent capacity tests.

Section 2.6 Repowering of Units 1, 3 and 4

As power needs arise after the Effective Date of the Agreement and this Exhibit B, Vero Beach agrees to pursue with OUC the feasibility of and costs associated with repowering Units 1, 3 and 4 with new generation technology, such as the GE LM6000s, as described in the 2003 feasibility study provided to OUC with the RFP marketing materials, provided, however, that such repowering will be the subject of a separate agreement between the Parties. In the absence of agreement, Vero Beach may unilaterally decide to repower without OUC's agreement, but such decision shall be conditioned upon such repowering having no material negative impact on OUC's economics or capability of performance under this Agreement.

Section 2.7 Unit Upgrades or Retirements

OUC as Administrator will make recommendations to Vero Beach to take a Unit out of service, either temporarily to perform efficiency upgrades, or to permanently retire a Unit. Vero Beach shall make best efforts to take a Unit out of service temporarily or permanently as may be determined to be in the best long-term interest of the Parties.

ARTICLE 3
GAS SUPPLY

Section 3.1 Fuel Agent

(a) OUC, as fuel agent, shall purchase and deliver or cause to be delivered to Vero Beach at the Fuel Point of Delivery any natural gas fuel required for the Vero Beach Power Plant to produce energy dispatched by OUC, as well as any fuel required for start-ups of the units whether or not to produce energy. Vero Beach shall pay for such fuel pursuant to the terms of Section 6.2 of this Exhibit B.

(b) As provided in Article 2 of this Agreement, Vero Beach shall on the Turnover Date of this Agreement disaggregate its Gas Transportation Contracts from FGU and shall assign and transfer to OUC for the term of this Agreement its gas transportation capacity under the Gas Transportation Contracts and such Contracts shall be in full force and effect as of the date of the assignment and transfer. Such assignment shall be a permanent release during the Term at the maximum rates indicated in the Gas Transportation Contracts, and upon expiration of this Agreement, all right, title, obligations and interest in the gas transportation capacity under the

Gas Transportation Contracts shall be permanently released back to Vero Beach. Any gas transportation utilized to deliver gas for operation of the Vero Beach Power Plant will be billed to Vero Beach at $0.78/mmbtu. As assignee of the Gas Transportation Contracts, OUC shall not cause any Gas Transportation Contract which is by its terms subject to extension to expire without Vero Beach's prior written approval.

(c) OUC may, as permitted by the FGT Tariff, applicable FERC regulations and agreements dispose of such excess gas transportation capacity entitlement so as to avoid or minimize any payment obligations to FGT or others.

(d) All natural gas fuel delivered to Vero Beach by OUC shall be delivered based on FGT pipeline specifications under the Gas Transportation Contracts.

Section 3.2 Alternative Fuels

The Parties shall work cooperatively after the Effective Date of this Agreement to explore the use of bio-fuels or other environmentally-friendly fuels, as an alternative to the fuels currently burned at the Vero Beach Power Plant.

Section 3.3 Gas Interconnection and Metering

Florida Gas Transmission ("FGT") shall be the operator of the gas interconnection facilities at the Vero Beach Power Plant, including the Fuel Point of Delivery, and shall be responsible for the maintenance and testing arrangements for all natural gas metering at such facilities. All such meters shall comply with FGT standards for accuracy. OUC agrees, as Vero Beach's fuel agent, to be the point operator for the FGT interconnection point. As the point operator, OUC shall be responsible for all volume confirmations, allocations and balancing functions with the applicable upstream pipeline.

Section 3.4 Fuel Mix

OUC, as fuel agent for Vero Beach, shall determine the fuel mix to be used for the operation of the Vero Beach Power Plant at any given time. Such determination shall be consistent with Prudent Utility Practices and consistent with the terms and conditions of Vero Beach's permits, and OUC shall use its reasonable efforts to choose a fuel mix which will minimize the cost to provide energy to Vero Beach under this Agreement.

ARTICLE 4
MANAGEMENT RESPONSIBILITIES FOR VERO BEACH POWER PLANT

Section 4.1 Responsibilities of the Parties

OUC shall provide plant operation management services to Vero Beach for the Vero Beach Power Plant in accordance with the provisions of this Exhibit B. OUC will provide its recommendations for plant operation, maintenance and outage scheduling and generation dispatch to the Vero Beach plant manager at the Vero Beach Power Plant facility. OUC shall not manage or direct the employees of Vero Beach at the Vero Beach Power Plant facility. Vero

Beach shall carry out plant operations, maintenance and dispatch at its own cost, utilizing its own plant operating staff.

Section 4.2 Delivery

OUC, as Administrator, shall be responsible for any necessary transmission arrangements to deliver energy from the Vero Beach Power Plant to any transmission delivery points related to resale from the Vero Beach Power Plant. OUC will bill Vero Beach at cost for transmission associated with delivery to the Vero Beach system for sales to Vero Beach above Supplemental Wholesale Electric Capacity or for resale from the Vero Beach Power Plant.

Section 4.3 Title and Risk of Loss

(a) Capacity and Energy

As between the Parties, OUC shall be deemed to be in control of the Vero Beach Power Plant capacity and energy for purposes of dispatching to serve load and wholesale obligations.

(b) Fuel

As between the Parties, OUC shall be deemed to be in control of the fuel supplied to the Vero Beach Power Plant. Except for those fuel and usage charges billed to Vero Beach under Section 6.2 of this Exhibit B, risk of loss related to the fuel supplied to the Vero Beach Power Plant shall be the responsibility of OUC.

ARTICLE 5
CONTRACT CAPACITY AND ENERGY

Section 5.1 Contract Capacity

(a) For so long as Units 2 and 5, referred to as Vero CC capacity, are available for dispatch at full load as directed by OUC, the capacity from those units will be credited by OUC as capacity available to serve Vero Beach load requirements for the purposes of calculating capacity purchased as Supplemental Wholesale Electric Capacity. If such units are not available, then OUC shall have the obligations set forth in Exhibit C, Section 3.2(b) to use reasonable efforts to provide additional capacity and energy as replacement supply.

(b) Vero Beach may keep Units 1, 3, and 4 available to serve load on an economic dispatch basis, for transmission stability or wholesale opportunities until such time as new units are constructed by or under OUC's direction at the Vero Beach Power Plant site specifically to serve all or a portion of Vero Beach's load requirements. For so long as Vero Beach keeps Units 1, 3 and 4 operational and available, OUC shall have right of first call to economically dispatch such units or for wholesale opportunities. OUC may exercise its call rights on Units 1, 3 and 4 within the technical and permit limitations of the units.

(c) Units 1, 3, and 4 will not be credited as capacity to serve Vero Beach load requirements for the purposes of calculating capacity purchased as Supplemental Wholesale Electric Capacity.

Section 5.2 Contract Energy

If the Vero Beach Power Plant is operated to sell the output into the wholesale market, Vero Beach will receive the revenues collected by OUC based on the FMPP methodology for reimbursements of proceeds from wholesale market transactions, as more specifically described in Appendix B-2 of Exhibit C hereto. In the absence of the FMPP, the Parties will agree to an alternate form of reimbursement.

Section 5.3 Congestion Charges

Vero Beach shall purchase the highest level of transmission firmness for the OUC Supplemental Wholesale Electric Capacity. Whenever Vero Beach cannot receive the maximum Supplemental Wholesale Electric Capacity and the current Vero Beach Power Plant is dispatched by the State Security Coordinator to mitigate congestion issues, OUC and Vero Beach will share on a 50/50 basis in the incremental variable cost of running such units (net of revenues from energy associated with Supplemental Wholesale Electric Capacity that could not be delivered to Vero Beach but which was otherwise sold by OUC on Vero Beach's behalf). For purposes of this Section, "incremental variable cost of production" shall mean variable cost of production of those Vero Beach Power Plant units required to run to alleviate the congestion, minus the Monthly Energy Rate, divided by 2, net of any reimbursements or cost recovery received by Vero Beach related to the congestion events. OUC's obligation to share in congestion costs under this Section shall be capped at five hundred thousand dollars ($500,000) per year in the aggregate for the first three (3) years of the Agreement. Beginning in the fourth year of this Agreement, Vero Beach shall be responsible for all such congestion costs.

Section 5.4 Scheduling and Dispatch

OUC shall have the right to determine the dispatch control of the Vero Beach Power Plant, including start-ups, shutdowns, and dispatching. OUC shall make all reasonable efforts to provide Vero Beach with as much advance notice as is reasonably possible under the circumstances of the generation levels anticipated by OUC, provided that scheduling of each unit's operation must be consistent with the rules of the control area operator or as specified in the transmission tariff of Florida Power & Light ("FP&L"). Vero Beach shall be responsible for the operation and maintenance of the Vero Beach Power Plant as provided in Section 7.3 and Section 7.5 of this Exhibit B. During the term of this Agreement, Vero Beach hereby designates OUC as its balancing authority and will be deemed to be in OUC's control area.

ARTICLE 6
COST OF PLANT OPERATION AND MAINTENANCE

Section 6.1 Cost of Operation

OUC will provide operating management services for the Term of the Agreement at no additional fee to Vero Beach.

Section 6.2 Fuel Payment

OUC shall be responsible for procuring all natural gas fuel and fuel oil and for delivering or causing to be delivered such fuel to the Vero Beach Power Plant. Vero Beach will be billed for the cost of such fuel as OUC pays on a pass-through basis, including fuel and usage charges under the FGT Tariff on a pro rata basis. The fuel rate shall be set at the weighted average cost of gas (WACOG) for the respective day and shall be equal across all OUC and Vero Beach units. When gas is used to serve the Vero Beach Load Obligations, the transportation demand rate will be $0.78/mmBtu.

Section 6.3 Emission Allowances

(a) Vero Beach will designate OUC as Administrator for the management of emission allowances for the Vero Beach Power Plant. OUC shall utilize Vero Beach's existing pool of emissions credits as necessary to allow the dispatch and operation of the Vero Beach Power Plant. In the event that the existing emissions allowances held by Vero Beach are not sufficient to allow the units to dispatch as directed by OUC, OUC shall procure additional emissions credits and bill Vero Beach on a monthly basis for all such additional emission allowance costs, which shall be subject to an annual reconciliation based upon actual performance data. OUC will dispatch the Vero Beach Power Plant in compliance with their operating permit requirements. Emission costs shall be reflected in the rate charged whenever wholesale sales are made from the Vero Beach Power Plant.

(b) In the event that new emissions credits are implemented by any regulatory agency during the Term of this Agreement, the emissions costs under this Agreement shall be adjusted to address program fees associated with any new regulations.

(c) Vero Beach hereby agrees to hold all existing emissions credits for use with the operation of the Vero Beach Power Plant as dispatched by OUC during the Term of this Agreement and further agrees that it shall not assign, sell or otherwise transfer (other than as necessary for the normal operations of the Vero Beach Power Plant) to any third party any such emissions credits without OUC's agreement after the Effective Date of this Agreement.

ARTICLE 7
OPERATION AND MAINTENANCE

Section 7.1 Scheduled Maintenance

Vero Beach, with OUC's management recommendations, shall establish an annual maintenance schedule for the Vero Beach Power Plant for the Agreement Term. Reasonable advance notice of any change to the maintenance schedule should be provided as soon as practical.

Section 7.2 Load Pocket

In the event that Vero Beach determines that it is necessary to operate any unit of the Vero Beach Power Plant for an emergency or for system isolation, Vero Beach will at its own cost supply generation to support load and VAR commitments and no penalty shall be imposed

on Vero Beach by OUC as a result of such actions in the event that OUC's commitments of energy or capacity from any such unit is jeopardized.

Section 7.3 Operation of Vero Beach Power Plant

Vero Beach, with consultation from OUC, will be responsible for the operation and maintenance of the Vero Beach Power Plant. Vero Beach shall staff, control and operate the Vero Beach Power Plant consistent at all times with Prudent Utility Practice and the recommendations of OUC. Personnel capable of starting, running or stopping the plant shall be continuously available, either at the Vero Beach Power Plant or capable of being there, on no more than thirty (30) minutes notice. All such personnel shall be continuously reachable by phone or pager. OUC will use commercially reasonable efforts to notify Vero Beach as soon as reasonably possible under the circumstances of potentially critical start-ups, and upon such notification and during such identified critical periods, personnel capable of starting, running and stopping the Vero Beach Power Plant shall be continuously available.

Section 7.4 Outage Reporting

Vero Beach shall comply with all current outage reporting requirements, as they may be revised from time to time, and as they apply to the Vero Beach Power Plant, including the following:

(a) When Forced Outages occur, Vero Beach staff shall notify OUC's control center of the existence, nature, and expected duration of the Forced Outage as soon as practical, but in no event later than one (1) hour after the Forced Outage occurs.

(b) Vero Beach shall be responsible for the recording of all Scheduled Outages that occurred during a calendar month within five (5) business days after the end of the calendar month. The data reported shall meet all requirements specified in the NERC Generation Availability Data System ("GADS") Manual. Data presentation shall be in accordance with the format prescribed in the GADS Manual, or any successor document. For each unit, the data shall include, but not be limited to the following data as defined in the GADS Manual: planned derated hours, unplanned derated hours, average derated kW during the derated hours, Scheduled Maintenance hours, Hours On-Control and Hours On-Line.

Section 7.5 Operating Procedures

(a) OUC and Vero Beach shall each appoint one representative and one alternate representative to act in matters relating to the operations and maintenance of the Vero Beach Power Plant and under this Agreement and to develop detailed operating arrangements for the generation, delivery and receipt of power and energy hereunder, and developing the Unit maintenance schedules. Such representatives shall constitute the Operating Committee. The Parties shall notify each other in writing of such appointments and any changes thereto. The Operating Committee shall have no authority to modify the terms or conditions of the Agreement or this Exhibit B.

(b) The Operating Committee shall develop mutually agreeable written Operating Procedures no later than six (6) months before the initial delivery of energy under this

Agreement. The Operating Procedures are intended to be a guide on how to integrate the Vero Beach Power Plant and its electrical output into OUC's system and shall be consistent with the provisions of this Agreement. Operating Procedures shall include, but not be limited to, method of day-to-day communications; metering, telemetering, telecommunications, and data acquisition procedures; key personnel list for applicable OUC and Vero Beach operating centers; clearances and switching practices; operating and maintenance scheduling and reporting; daily capacity and energy reports; Unit operations log; reactive power support; and such other matters as may be mutually agreed upon by the Parties or the Operating Committee.

(c) The Units shall be operated by Vero Beach in accordance with FMPP operating parameters, or in absence thereof, the following Start-up times and minimum run times as may be modified from time to time by the parties:

Unit	Start-Up Times (Cold Start) Hours	Minimum Run Times Hours
1	4	6
3	4	6
4	5	6
2/5	1 in combined cycle (15 minutes for Unit 5 in simple cycle)	6 in combined cycle (4 hours for Unit 5 in simple cycle)

Section 7.6 Operating Records

Vero Beach and OUC shall keep complete and accurate records and all other data required by each of them for the purpose of proper administration of this Agreement, including such records as may be required by state or federal regulatory authorities in the prescribed format.

Section 7.7 Access to Plant by OUC

OUC shall at all reasonable times, including weekends and nights, and with reasonable prior notice, have supervised access to the Vero Beach Power Plant to read and maintain meters and to perform all inspections, maintenance, service and operational reviews as may be appropriate for any purposes under this Agreement. While at the Vero Beach Power Plant, such representatives shall observe such reasonable safety precautions as may be required by Vero Beach and shall conduct themselves in a manner that will not interfere with the operation of the Vero Beach Power Plant.

Section 7.8 Environmental Compliance

(a) Vero Beach shall disclose to OUC, to the extent that, and promptly upon becoming known to Vero Beach, any alleged violation of any environmental laws or regulations arising out of the operation of the Vero Beach Power Plant or, the alleged presence of environmental contamination at the Vero Beach Power Plant or the existence of any past or present enforcement, legal or regulatory action or proceeding relating to such alleged violation or alleged presence of environmental contamination. Vero Beach shall be responsible for managing the Vero Beach Power Plant consistent with environmental requirements in effect at the time.

(b) OUC and Vero Beach agree that in the event that local environmental laws and/or regulations are enacted after the Effective Date of this Exhibit B that require Vero Beach to implement or install equipment on one or more of the units at the Vero Beach Power Plant, the costs of compliance with such newly enacted environmental laws and/or regulations will be borne by Vero Beach and shall be reflected in the dispatch costs of using the Vero Beach Power Plant.

Section 7.9 Transmission

(a) OUC shall advise Vero Beach regarding transmission service from FP&L, including strategies to recover payments from FP&L (other than when acting as the FRCC reliability coordinator) for reliability support provided from units 1, 3 and 4 and the Vero CC. OUC's assistance to Vero Beach in its efforts to identify and secure Firm Transmission Service under this Agreement shall be provided at no cost.

(b) OUC shall provide advisory services related to reporting for Vero Beach's TOP designation from NERC. OUC and Vero Beach will work cooperatively to address services Vero Beach may contract to have OUC perform related to transmission planning and NERC compliance. Any such agreed services shall be performed by OUC under a separate services contract to be agreed and executed by the Parties.

EXHIBIT C

WHOLESALE ELECTRIC SERVICE

ARTICLE 1
DEFINITIONS

Capitalized terms used and not otherwise defined in this Exhibit C shall have the meanings given such terms either in Exhibit D or elsewhere in this Agreement.

The portion of the Wholesale Electric Service provided by OUC to Vero Beach pursuant to this Exhibit C shall consist of:

(a) Generation Planning and the Annual Calculation of Supplemental Wholesale Electric Capacity required as outlined in Appendix B;

(b) Supply of Supplemental Wholesale Electric Capacity as defined in this Exhibit C, Section 3.1(a);

(c) Ancillary Services and other services detailed in Appendix B to this Exhibit C; and

(d) Supply of Supplemental Wholesale Electric Energy as defined in Section 5.2 of this Exhibit C.

ARTICLE 2
TERM

Section 2.1 Term

The obligations of OUC to deliver the services set out in this Exhibit C shall be subject to fulfillment or waiver in writing by OUC of conditions precedent of OUC under Section 4.2 and shall begin on the Turnover Date and shall, unless terminated earlier under the terms of this Agreement, remain in effect during the initial Term of this Agreement and any extension terms agreed by the Parties.

ARTICLE 3
OBLIGATIONS OF VERO BEACH AND OUC

Section 3.1 Obligations of Vero Beach

(a) For the Term of this Exhibit C, Vero Beach shall buy and receive from OUC, "Supplemental Wholesale Electric Capacity", which is defined as (i) Vero Beach's peak load (plus 15% for reserve margin) as determined annually in accordance with Section 3.2(f) of this Exhibit C, less the capacity available to Vero Beach pursuant to its entitlements under the St. Lucie Project Power Sales Contract, the Stanton I Project Power Sales Contract, the Stanton II Project Power Sales Contract, the FMPA All-Requirements Power Supply Contract ("FMPA ARP"), collectively referred to herein as the "Excluded Generation Entitlements", and Contract

Capacity from Vero Beach Units 2 and 5, referred to as the Vero CC and (ii) any associated transmission to the OUC Delivery Point outlined in Appendix A, dispatching, and Ancillary Services under Section 3 of Appendix B to this Exhibit C and Replacement Power for Back-up of Excluded Generation Entitlements, as detailed in Section 4 of Appendix B to Exhibit C.

(b) Vero Beach shall accept Supplemental Wholesale Electric Capacity and Supplemental Wholesale Electric Energy at the designated Delivery Point as provided by OUC and shall pay OUC the monthly payment for such Supplemental Wholesale Electric Capacity and Supplemental Wholesale Electric Energy on the applicable Payment Date in accordance with Section 5.3 of this Exhibit C.

(c) Vero Beach shall be responsible for all transmission and distribution arrangements from the Delivery Point to its customers and shall pay OUC or FP&L to provide or arrange for all necessary Ancillary Services. OUC will bill Vero Beach at OUC's tariff rate for transmission associated with delivery to the Vero Beach system for sales to Vero Beach above Supplemental Wholesale Electric Capacity. OUC agrees to assist Vero Beach with the application for FP&L Firm Transmission Service and upon execution of this Agreement to pay one-half of the costs of any studies required by FP&L in order to obtain such Firm Transmission Service, up to a total contribution of twenty thousand dollars ($20,000.00).

(d) Vero Beach shall be responsible for the distribution and resale to its customers of the electricity delivered hereunder and the collection of any payments consequently due from the customers. Failure of Vero Beach to fully collect such payments shall not excuse Vero Beach from its obligations to pay OUC for deliveries hereunder.

(e) Vero Beach acknowledges and agrees that OUC shall not be responsible for reductions in Supplemental Wholesale Electric Capacity as a result of problems or limitations on any transmission system other than OUC's which prevent or impair delivery of electricity to the Vero Beach system. OUC shall make commercially reasonable effort to supply capacity and associated energy from the next best economic resources which are not limited by the transmission system constraints. If congestion occurs on FP&L's transmission system OUC and Vero Beach shall share equally in any resulting increase in the energy cost, subject to the provisions of Exhibit B, Section 5.3.

(f) Vero Beach shall comply with all other terms and conditions of this Exhibit C.

(g) Vero Beach shall supply (i) historical demand and energy data, (ii) generation data (by Unit) and (iii) historical retail sales and customer numbers (by rate classification, as available) to OUC each year in time to allow OUC to prepare its ten (10) year load forecast for Vero Beach under this Agreement by October 1 each year. Vero Beach shall notify OUC promptly upon becoming aware of any material change in the utility service responsibility of Vero Beach, any material changes in Vero Beach's service territory or any large commercial or residential development that will impact Vero Beach's electricity needs. Vero Beach shall also provide to OUC all reasonable information requested by OUC and necessary to allow OUC to perform any applicable part of its obligations under this Agreement through the FMPP. Based on the ten (10) year load forecast provided by OUC under this subsection, OUC will prepare the FRCC load research data base filing documentation for Vero Beach. To the extent the OUC's

out-of-pocket costs of preparing such filing documents exceeds forty thousand dollars ($40,000.00), OUC shall invoice Vero Beach for the excess costs.

(h) The Vero Beach Florida Electric Revenue Bonds shall maintain a rating on senior unsecured debt securities of Vero Beach by Standard and Poor's Corporation, Moody's Investors Service, Inc., Fitch IBCA or another nationally recognized rating service reasonably acceptable to OUC of BBB+ (Standard and Poor's), Baa1 (Moody's) or BBB+ (Fitch) or its equivalent, or a rating equivalent to OUC senior unsecured debt securities, whichever is lower. In the event that Vero Beach's credit rating fails to meet said credit standing and Vero Beach fails to restore its credit rating to said standing within 12 months after its rating has fallen, Vero Beach shall upon request by OUC provide a Letter of Credit, cash or bond sufficient to ensure Vero Beach's due performance under this Agreement.

Section 3.2 Obligations of OUC

(a) OUC shall sell and deliver to Vero Beach at the Delivery Point listed on Appendix A of Exhibit C, Wholesale Electric Service for the duration of the Term of this Agreement in accordance with Articles 4 and 5 of this Exhibit C pursuant to the pricing terms as set forth in Appendix B of this Exhibit C. With respect to nuclear generation owned by OUC and power purchases by OUC from nuclear generation, Wholesale Electric Service shall be deemed to include only such nuclear resources available to and utilized by OUC as of the Effective Date of this Agreement. To the extent that OUC invests in future nuclear resources, it will provide Vero Beach the option of adding energy and capacity from any such future nuclear resources into the resources utilized by OUC to provide Wholesale Electric Service based on mutually agreed terms, conditions and pricing. OUC shall at Vero Beach's written request enter into negotiations with Vero Beach to amend this Agreement to set the pricing, terms and conditions for any such participation. When and if the Parties reach agreement on such terms, conditions and pricing, the Parties shall enter into written amendment to this Agreement.

(b) OUC shall make commercially reasonable efforts to procure a replacement supply if all or part of the capacity and energy from any of the Excluded Generation Entitlements or Contract Capacity is not available for any period during the Term of this Agreement and the Supplemental Wholesale Electric Capacity is insufficient to cover Vero Beach's load for any hour during the Term of this Agreement. OUC shall also make commercially reasonable efforts to procure all or part of the necessary capacity and energy resulting from significant increases in Vero Beach's load from the load forecast used to bill Demand Charges. Any resulting capacity and energy delivered under this item shall be priced at the actual cost, including associated transmission losses, for the replacement capacity and energy (including transmission costs) and is in addition to the capacity and energy charges per Sections 1, 2 and 3 of Appendix B of this Exhibit C.

(c) OUC shall provide Ancillary Services set forth in Section 3 of Appendix B to this Exhibit C. Each such Ancillary Service shall at OUC's option be provided by OUC either directly or through the FMPP, and charged to Vero Beach on a cost pass-through basis. The costs to be passed through shall be calculated based on the pro rata energy share that the Ancillary Services required to serve Vero Beach under this Agreement bears to OUC's total cost of Ancillary Services during the applicable billing period.

(d) OUC shall calculate the amount due on a monthly basis for all services provided, both Wholesale Electric Services and Ancillary Services, and shall submit an invoice to Vero Beach for payment. The monthly invoice shall be calculated according to the formula in Appendix B of this Exhibit C and include Vero Beach's billing determinants for the month, and the applicable power supply rates.

(e) OUC shall comply with all other terms and conditions of this Exhibit C.

(f) OUC, with information provided by Vero Beach, will develop an annual peak demand and net energy forecast for at least a ten-year planning period for Vero Beach's review and approval, using substantially the same methodology used for OUC's own forecasts. The annual peak demand and net energy forecast will be used as part of OUC's annual development of Vero Beach's Supplemental Wholesale Electric Capacity and forecast of the energy rate. OUC will develop Vero Beach's forecast as part of OUC's annual budget process. The forecast is currently developed in the December/January timeframe of each year. If OUC and Vero Beach are unable to agree on the forecast prepared in any year during the Term of this Agreement, Vero Beach may at its own cost hire a mutually agreed independent third party consultant to develop a forecast, and the Parties shall be bound by the results of such third party forecast.

ARTICLE 4
SALE AND PURCHASE

(a) OUC shall sell and deliver to the Delivery Point and at such other points as may be agreed upon by Vero Beach and OUC and Vero Beach shall purchase and receive, Supplemental Wholesale Electric Capacity during the Term of the Agreement. The price for such sale and purchase shall be as set forth in Section 5.1 of this Exhibit C. The quantities of Supplemental Wholesale Electric Capacity shall be determined on the basis of Section 5.2 of this Exhibit C.

(b) The electric capacity and energy at the Delivery Point will be partial requirements service, referred to as Supplemental Wholesale Electric Capacity and Supplemental Wholesale Electric Energy, which complements Vero Beach's power supply entitlements under the Generation Entitlement Contracts and Contract Capacity from the Vero Beach CC.

(c) The electric capacity and energy provided under this Exhibit C shall be three phase, 60 hertz alternating current. Vero Beach shall make and pay for all connections between its system and the Delivery Point. The Delivery Point is set forth in Appendix A hereto, which appendix may be amended from time to time by mutual agreement of the Parties.

(d) In the event that, pursuant to law or regulation, electric capacity and energy is required to be purchased by Vero Beach from a small power production facility, a cogeneration facility or other facility, Vero Beach shall make the required purchases ("Required Purchases"). These purchases will be considered Excluded Generation Entitlements for the purpose of calculating Supplemental Wholesale Electric Capacity.

(e) OUC shall, as the exclusive marketing Administrator for Vero Beach, make no adverse distinction in its efforts to market excess wholesale capacity and energy from

Supplemental Wholesale Electric Capacity, capacity and energy from Excluded Generation Entitlements, capacity and energy from Required Purchases, capacity and energy from Contract Capacity and capacity and energy from Units 1, 3 and 4 in order to maximize the profits (revenues less costs) of Vero Beach under the terms of this Agreement.

ARTICLE 5
PRICE AND BILLING

Section 5.1 Billing for Services

Section 5.1.1 For the Supplemental Wholesale Electric Capacity that OUC delivers to the Delivery Point, Vero Beach shall pay OUC a price as follows;

(a) Monthly Demand Charge

The Monthly Demand Rate for Supplemental Wholesale Electric Capacity as outlined in Appendix B of this Exhibit C times the Supplemental Wholesale Electric Capacity.

(b) Monthly Energy Charge

The Monthly Energy Rate for Supplemental Wholesale Electric Energy purchased will be as outlined in Appendix B of this Exhibit C times the monthly Supplemental Wholesale Electric Energy, as defined in Section 5.2 herein.

(c) Monthly Ancillary Service Charge

The monthly Ancillary Services Charge shall be the sum of the Monthly Ancillary Service Charges, as outlined in Appendix B of this Exhibit C.

Section 5.1.2 Vero Beach shall pay OUC the fuel payments for Vero Beach Power Plant pursuant to Section 6.2 of Exhibit B.

Section 5.1.3 Vero Beach shall pay OUC the cost of Replacement Power for Excluded Generation Entitlements and Contract Capacity pursuant to Section 3.2(b) of this Exhibit C.

Section 5.1.4 OUC shall credit to Vero Beach revenues from wholesale sales from Vero Beach Power Plant pursuant to Section 5.2 of Exhibit B and pursuant to Section 5.2 of this Exhibit C.

Section 5.2 Energy Billing Determinants

OUC shall cause meters to be read at hourly intervals to establish Vero Beach's billing determinants. The hourly Supplemental Wholesale Electric Energy delivered shall be Vero Beach's adjusted net system load less the net energy generated by the Vero Beach Power Plant, scheduled Excluded Generation Entitlements and scheduled third party economic purchases made to serve Vero Beach's system load, which may include Replacement Power costs. Each hour, if the delivered Supplemental Wholesale Electric Energy is less than the Supplemental

Wholesale Electric Capacity purchased and the FMPP Clearinghouse Price (CHP) is greater than the Monthly Energy Rate, the difference between the delivered Supplemental Wholesale Electric Energy and the Supplemental Electric Wholesale Capacity will be sold to the FMPP at CHP and a credit shall be issued to Vero Beach on the monthly invoice in the amount of the difference between the Monthly Energy Rate $/MWh and CHP $/MWh multiplied by the energy difference between the delivered Supplemental Wholesale Electric Energy and the Supplemental Electric Wholesale Capacity plus any proportionate share of FEM profit. The energy determinants are described in more detail in Appendix C to this Exhibit C.

Section 5.3 Payment

(a) On or before the tenth (10th) day following the end of each month in which OUC provides Vero Beach with Wholesale Electric Service pursuant to this Exhibit C, OUC shall calculate the amount due and payable by Vero Beach pursuant to this Article 5. The amount payable each month shall be calculated as the sum of the Monthly Demand Charge, the Monthly Energy Charge, ancillary services, fuel payments for Vero Beach Power Plant, and Replacement Power for Excluded Generation Entitlements and Contract Capacity in Sections 3.2(b) of this Exhibit C for the prior month.

(b) Unless otherwise specified herein, payments due under this Exhibit C shall be due and payable by Electronic Funds Transfer, or by wire transfer, as designated by the Party owed, on or before the fifteenth (15th) business day following receipt of the billing invoice. If an amount owed is not paid on or before the due date, a late payment charge shall be applied to the unpaid balance and shall be added to the next billing statement. Such late payment charge shall be calculated based upon the annual interest rate equal to one hundred and twenty-five percent (125%) of the LIBOR three month rate published on the date of the invoice in the Wall Street Journal (or, if the Wall Street Journal is not published on that day, the next succeeding date of publication). If the due date occurs on a weekend or holiday, the late payment charge shall begin to accrue on the next succeeding business day.

Section 5.4 Taxes, Fees and Levies; Sales for Resale

(a) OUC shall be obligated to pay all present and future taxes, fees and levies that may be assessed upon OUC by any entity upon the sale of Supplemental Wholesale Electric Capacity and Supplemental Wholesale Electric Energy and Ancillary Services or any component thereof. Vero Beach shall reimburse OUC for any such taxes, fees and levies paid by OUC as a result of serving Vero Beach under this Agreement.

(b) All electricity delivered by OUC to Vero Beach hereunder shall be sales for resale, with Vero Beach reselling such deliveries. Vero Beach shall obtain and provide OUC with any certificates reasonably requested by OUC to evidence that the deliveries hereunder are sales for resale.

ARTICLE 6
SERVICE FACILITIES AND METERING

(a) The electric service energy shall be measured by metering equipment to be furnished and installed by OUC at or adjacent to the Metering Points, which metering equipment

shall constitute the basis of measuring energy, and computation of bills for energy consumption. Vero Beach likewise may install similar metering equipment as check meters for measuring demand and energy contracted for herein at the Metering Points.

(b) Vero Beach, upon notice to OUC shall have the right in the presence of a representative of OUC, to read and check OUC's meters and/or metering equipment, for any reason, including when there is any disagreement as to the correctness of the readings or the accuracy of said meters or metering equipment. In the event of such disagreement, the Parties shall retain a mutually agreeable independent inspector, the cost of which shall be borne by the Parties. The determination of the independent inspector as to the correctness of the meter reading shall be accepted by the Parties as final. The Parties agree that said meters and metering equipment will be considered accurate provided calibration is within one (1) percent, fast or slow, of accuracy. Should any meter be beyond this range of accuracy, an adjustment shall be made for the period of known accuracy, based upon the average of three (3) months consumption, prior to the period in question, but no adjustment shall extend over a period of more than three (3) months.

(c) All Metering Devices used to measure the net power made available by OUC to Vero Beach at the Delivery Point shall be owned, installed, and maintained by OUC. All Metering Devices used to provide data for the computation of payments shall be sealed and only OUC shall break the seal when such Metering Devices are to be inspected and tested or adjusted in accordance with this Article 6. OUC shall specify the number, type, and location of such Metering Devices.

(d) OUC, at its own expense, shall inspect and test all Metering Devices used to measure energy delivery upon installation and at least annually thereafter. OUC shall provide Vero Beach with reasonable advance notice of, and permit a representative of Vero Beach to witness and verify, such inspection and tests, provided that Vero Beach shall not unreasonably interfere with or disrupt the activities of OUC and shall comply with all of OUC's safety standards. Upon request by Vero Beach, OUC shall perform additional inspections or tests of any Metering Device at Vero Beach's cost and shall permit a qualified representative of Vero Beach to inspect or witness the testing of any Metering Device, provided that Vero Beach shall comply with all of OUC's safety standards. If requested by Vero Beach in writing, OUC shall provide copies of any inspection or testing reports to Vero Beach.

(e) Vero Beach may elect to install and maintain, at its own expense, backup metering devices ("Vero Beach's Back-Up Metering") in addition to those installed and maintained by OUC which installation and maintenance shall be in a manner acceptable to OUC. Vero Beach, at its own expense, shall inspect and test Vero Beach's Back-Up Metering upon installation and at least annually thereafter. Vero Beach shall provide OUC with reasonable advance notice of, and permit a representative of OUC to witness and verify, such inspections and tests, provided that OUC shall not unreasonably interfere with or disrupt the activities of Vero Beach and shall comply with all of Vero Beach's safety standards. Upon request by OUC, Vero Beach shall perform additional inspections or tests of Vero Beach's Back-Up Metering and shall permit a qualified representative of OUC to inspect or witness the testing of Vero Beach's Back-Up Metering, provided that OUC shall comply with all of Vero Beach's safety standards. The actual expense of any such requested additional inspection or testing shall be borne by OUC,

unless, upon such inspection or testing, Vero Beach's Back-Up Metering is found to register inaccurately by more than the allowable limits established in this Article, in which event the expense of the requested additional inspection or testing shall be borne by Vero Beach.

(f) If a Metering Device fails to register, or if the measurement made by a Metering Device is found upon testing to be inaccurate by more than one percent (1.0%), an adjustment shall be made correcting all measurements by the inaccurate or defective Metering Device, for both the amount of the inaccuracy and the period of the inaccuracy, in the following manner:

(i) In the event that OUC Metering Device is found to be defective or inaccurate, the Parties shall use Vero Beach's Back-up Metering, if installed, to determine the amount of such inaccuracy, provided that Vero Beach's Back-Up Metering has been tested and maintained in accordance with the provisions of this Article 6. In the event that Vero Beach did not install back-up metering, or Vero Beach's Back-up Metering is also found to be inaccurate by more than one percent (1.0%), the Parties shall estimate the amount of the necessary adjustment on the basis of deliveries of net power and energy from the Vero Beach Power Plant during periods of similar operating conditions when the Metering Device was registering accurately. The adjustment shall be made for the period during which inaccurate measurements were made.

(ii) In the event that the Parties cannot agree on the actual period during which the inaccurate measurements were made, the period during which the measurements are to be adjusted shall be the shorter of (i) the last one-half of the period from the last previous test of the Metering Device to the test that found the Metering Device to be defective or inaccurate, or (ii) the ninety (90) days immediately preceding the test that found the Metering Device to be defective or inaccurate.

(iii) To the extent that the adjustment period covers a period of deliveries for which billings have already been made by OUC, OUC shall use the corrected measurements as determined in accordance with this Article 6 to compute the adjustment necessary for the period of the inaccuracy and shall adjust billing for this period from such recomputed amount.

ARTICLE 7
ACCESS OF OUC

OUC shall have the right, authority and privilege to enter upon the premises of Vero Beach at all reasonable times for the purpose of reading meters, inspecting or repairing apparatus used in connection with the service, removing its property and/or any other purpose to carry out the work of OUC in connection with the delivery of Wholesale Electric Service provided for herein, and to do all things necessary and expedient in the proper operation of said business, provided, however, that in exercising such right and privilege, OUC shall assume all liability for damage or personal injury caused by the negligence of OUC.

ARTICLE 8
CONTINUITY OF SERVICE

OUC shall exercise due care and diligence to supply Supplemental Wholesale Electric Capacity and Supplemental Wholesale Electric Energy hereunder on a firm basis with priority equal to that of OUC's native load to the Delivery Point. OUC shall not be responsible for any failure to supply electric capacity and energy, nor for interruption, reversal, or abnormal voltage of the supply due to transmission system operations outside of OUC's transmission system or interruptions of transmission service within OUC's transmission system if initiated by the FRCC security coordinator.

ARTICLE 9
DELIVERY VOLTAGE

The delivery voltage at each Delivery Point shall be as specified in Appendix A of this Exhibit C. OUC and Vero Beach shall maintain close coordination with respect to future delivery points in the interests of system reliability. Each party shall endeavor, to the extent practicable, to keep the other party advised of significant developments related to their respective power supply facilities.

ARTICLE 10
DELIVERY, LOSSES, AND DETERMINATION OF LOADS

Section 10.1 Delivery

Supplemental Wholesale Electric Energy shall be delivered by OUC to Vero Beach at the Delivery Point outlined in Appendix A of this Exhibit C. Title shall pass to Vero Beach at the Delivery Point and OUC shall not incur any expense or risk beyond the Delivery Point.

Section 10.2 Losses

Losses between the Delivery Point and the Metering Points on Vero Beach's transmission system shall be determined in accordance with FP&L's and Vero Beach's approved procedures for loss determination. OUC will provide for losses on its own system and will make commercially reasonable efforts to provide for losses on the FPL transmission system between OUC's Delivery Point and the Metering Points on the Vero Beach system. Vero Beach will be billed based on the FP&L schedule for delivery of energy to account for these losses as outlined in Appendix B of this Exhibit C. Losses on Replacement Power provided by OUC at the Delivery Point shall be included in actual costs charged to Vero Beach per Section 3.2 (b) of this Exhibit C.

Section 10.3 Determination and Reporting of Loads

OUC shall calculate Vero Beach's Load at the Delivery Point based upon the meter readings as adjusted pursuant to Section 5.2 of Exhibit C. Vero Beach will assist OUC in the Estimation Process, if requested by OUC.

APPENDIX A

DELIVERY POINT

OUC is obligated to deliver Wholesale Electric Service to Vero Beach under this Exhibit C at the OUC interconnection point with FP&L, currently at the Indian River substation in Brevard County, Florida. Delivery voltages for Supplemental Wholesale Capacity at this Delivery Point shall be that agreed between FP&L and OUC.

APPENDIX B

MANAGEMENT OF ELECTRIC ENERGY AND CAPACITY FROM THE VERO BEACH POWER PLANT

Section 1 Monthly Demand Rate

The Monthly Demand Rate to Vero Beach under this Agreement are indicated in Table 1 below shall be based on the following:

Table 1 – Monthly Demand Rate

Year	Demand $/MW-month
2010	$10,750
2011	$11,202
2012	$11,672
2013	$12,162
2014	$12,673
2015	$13,205
2016	$13,760
2017	$14,338
2018	$14,950
2019	$14,950
2020	$14,950
2021	$14,950
2022	$14,950
2023	$14,950
2024	$14,950
2025	$14,950
2026	$14,950
2027	$14,950
2028	$14,950
2029	$14,950

(a) The Monthly Demand Rate shall be subject to a one-time adjustment during the Term of this Agreement by OUC if OUC in its reasonable judgment determines that the Monthly Demand Rate is resulting in an inequitable burden on the retail customers of OUC. If OUC makes a determination that such an inequitable burden exists, OUC shall provide notice three years prior to the proposed adjustment date (but in no event earlier than January 1, 2017) that the adjustment will be necessary and shall indicate the amount by which the Monthly Demand Rate must be increased to eliminate the subsidy. Vero Beach in its sole discretion may choose to reject the adjusted Monthly Demand Rate and terminate the Agreement upon one (1) years' prior written notice prior to the proposed adjustment date. Nothing in this Subsection (a) will allow OUC to make any such

adjustment solely to take advantage of market opportunities. Such adjustment shall only consist of the amount of revenue required to bring the OUC retail customers to a neutral cost position for the remaining term of the Agreement.

Section 2 Monthly Energy Rate

OUC's energy rate formula is as follows:

$$\text{Energy Price} = \frac{\text{Forecasted Annual Retail Fuel and Fuel-Related Requirements (expense) including Fuel and Fuel Related Requirements (expense) to serve the energy requirements for the Supplemental Wholesale Electric Energy provided to Vero Beach}}{\text{OUC's forecasted retail energy requirements in megawatt-hours, including forecasted energy requirements in megawatt-hours for energy requirements for the Supplemental Wholesale Electric Energy provided to Vero Beach}}$$

On a monthly basis the actual fuel and fuel-related expenses necessary to serve OUC load and Vero Beach's energy requirements for the Supplemental Wholesale Capacity will be determined utilizing OUC fuel cost recovery methodology. The difference between the actual and billed energy expense will be subject to a true-up. This true-up will be charged or credited on the second month following the six month period by a dollar amount equal to the difference between the billed energy charge and the actual energy cost. The energy true-up balance will be subject to an interest rate equal to the LIBOR six month rate published on the date of the invoice in the Wall Street Journal (or, if the Wall Street Journal is not published on that day, the next succeeding date of publication). The two six-month true-up periods are currently October through March, and April through September.

Using this methodology, the forecasted energy rate for Supplemental Wholesale Electric Energy provided to Vero Beach under this Agreement is outlined in Table 2, below.

Table 2 Forecasted Energy Rate

Year	Energy Rate Forecast $/Megawatt-hour
2010	$ 37.99
2011	$ 37.75
2012	$ 38.23
2013	$ 41.21
2014	$ 41.94
2015	$ 43.30
2016	$ 44.86
2017	$ 46.43
2018	$ 44.20
2019	$ 46.62

Section 3 Ancillary Services

(a) Ancillary Services associated with this Agreement, the provider or entity responsible for the service, and the billing methodology are outlined in Table 3 below.

Table 3 Ancillary Services and Billing Methodology		
Service	**Provider**	**Billing Methodology**
Balancing Services	FMPP	Proportionate share paid by Vero Beach
		Currently no FMPP charge
Scheduling, System Control, And Dispatch		
OUC System	OUC	No charge from OUC to Vero Beach
FPL System	FPL	FPL charge if applicable paid by Vero Beach
Spinning Reserve	FMPP	Proportionate share paid by or credited to Vero Beach
Load Following	FMPP	Proportionate share paid by or credited to Vero Beach
Reactive Power Service		
OUC System	OUC	No charge from OUC to Vero Beach
FPL System	FPL	FPL charge if applicable paid by Vero Beach
Inadvertent Energy	FMPP	Proportionate share added to Vero Beach's system load when calculating delivered electric energy
Transmission Losses		
OUC System	OUC	No charge from OUC to Vero Beach
FP&L System	OUC	OUC will pass through FPL charge to Vero Beach based on FP&L schedule at energy rate for Supplemental Wholesale Electric Energy

(b) Calculation of Ancillary Services

The FMPP methodology for calculating costs associated with Ancillary Services is shown in detail in Appendix B-1.

If the FMPP or the successor organization develops any additional charges in the future, such charges will apply to Vero Beach in the same manner it applies to OUC retail load.

Section 4 Replacement Power for Back-Up of Excluded Generation Entitlements and Contract Capacity

Replacement Power for shortfalls in Excluded Generation Entitlements and Contract Capacity provided by or arranged for by OUC when available will be billed to Vero Beach on a pass-through basis. Charges for this Replacement Power may include demand charges, energy charges, transmission charges, transmission loss charges, and charges for ancillary services required in addition to those already provided for in the Agreement.

Section 5 Monthly Invoice for Wholesale Electric Services Provided Under this Exhibit C.

Monthly Demand Charge = Monthly Demand Rate x Supplemental Wholesale Electric Capacity (MW)

Monthly Energy Charge = Monthly Energy Rate x Supplemental Wholesale Electric Energy (MWh)

Ancillary Services as defined in Section 3 of this Appendix B.

Replacement Power as defined in Section 4 of this Appendix B.

APPENDIX B-1

FMPP ANCILLARY SERVICES CALCULATIONS

Spinning Reserve – The FMPP allocates, to its members, a share of the operating reserves assigned to it by the FRCC. The FMPP uses the same allocation methodology as the FRCC for the allocation of its operating reserves to its members. OUC's allocation will change with the inclusion of the Vero Beach load. OUC will allocate, to Vero Beach, a portion of its FMPP operating reserves using the same methodology as the FRCC and the FMPP. The Vero Beach spinning reserve requirement will be the FRCC's specified percent of its allocated share of the operating reserves.

If Vero Beach has sufficient on-line spinning reserve from its Generation Entitlements to meet its hourly spinning reserve requirement, there will be no OUC charge. Hourly spinning reserve capacity is calculated on how much the unit can pick-up in 10 minutes based on its verified ramp rate in either the automatic generation control mode ("AGC") or manual mode.

If Vero Beach has insufficient spinning reserve capacity on-line to meet its hourly spinning reserve requirement, OUC will charge a $/MW charge for the insufficient MWs equal to the FMPP rate which is the hourly dispatch price of fuel gas multiplied by the FMPP Spinning Reserve Factor.

If Vero Beach has excess spinning reserve capacity and OUC has insufficient spinning reserve capacity, OUC will credit Vero Beach with the FMPP $/MW spinning reserve rate for the lesser of OUC's spinning reserve capacity needs or Vero Beach's excess capacity plus any additional revenues attributed to the Vero Beach excess spinning reserve capacity.

If each of OUC and Vero Beach has sufficient spinning reserve capacity to meet its needs and both have excess capacity being sold to the pool, OUC will credit Vero Beach for its allocated share of the revenues based on its ratio of excess spinning reserve capacity to the total of OUC and Vero Beach excess.

Load Following – the FMPP Energy Management System (EMS) will collect one-minute load data for the Vero Beach native load and its generators in AGC.

The FMPP calculates OUC's load following requirement using the sum of the OUC/St. Cloud and Vero Beach one-minute load data. It will calculate OUC's contributions to load following using both OUC's generation resources and the Vero Beach Generation Entitlements.

OUC along with the other FMPP members receive $/MW credits from the FMPP for the hourly sum of the one-minute load following contributions to the FMPP. The dollar credits are the sum of the load following variable operation and maintenance cost $/MWh, a $/MWh for heat rate degradation and lost opportunity, if any. The total credits are allocated to OUC and the other FMPP members as a cost based on the ratio of a member's one-minute load data to the total one-minute load for all members. Credits are subtracted from the costs to determine payment between members.

Vero Beach will be allocated a portion of OUC's load following cost from the pool based on Vero Beach's ratio of one-minute load data to the total of OUC/St. Cloud and Vero Beach one-minute load data.

If Vero Beach has a unit in AGC, the load following credits attributed to the unit will be subtracted from the Vero Beach load following cost.

Inadvertent Energy – The FMPP allocates to OUC a share of the pool's hourly inadvertent energy. The share is based on the ratio of OUC's hourly load to the FMPP hourly load. Vero Beach will be allocated a share of OUC's hourly inadvertent energy based on the ratio of the Vero Beach hourly load to OUC's hourly load. The Vero Beach allocated share of the hourly inadvertent will be added to its load to determine the amount of Supplemental Wholesale Electric Energy delivered.

Operating Reserve Start-up – If Vero Beach Unit 5 is dispatched, in simple-cycle mode, for a state call for operating reserves, OUC will credit Vero Beach with the start-up cost based on the unit's start-up curve within the CHP process. If the unit's incremental cost, as recorded by the FMPP EMS, is greater than the energy rate for Supplemental Wholesale Electric Capacity, OUC will credit Vero Beach with the difference between the energy rate for Supplemental Wholesale Electric Capacity and the Unit's incremental cost multiplied by the energy generated in the hour the call for operating reserves was made.

APPENDIX B-2

FMPP WHOLESALE SALES PROCEEDS METHODOLOGY.

When the marketing group of the FMPP (referred to herein as "Florida Energy Marketing" or "FEM") is selling to the pool, its profit is determined by the difference between the CHP and the transaction price of the external purchase(s) supplying the sale to the FMPP. When FEM is buying from the pool, its profit is determined by the difference between the transaction price of the external sale supplied by the FMPP purchase and the CHP.

FEM profits resulting from the external sale of energy purchased from the FMPP will be allocated to the member systems in the hour that the sale occurred. Buyers will be allocated, by ratio, a share of the profits equal to the total amount of MWh purchased by the members divided by the sum of member's purchase MWh and sale MWh, but not to exceed 20% of the total profits. The balance of profits will be allocated, by ratio, to the Sellers.

FEM profits resulting from the external purchase of energy for sale to the FMPP will be allocated to the member systems in the hour that the purchase occurred. Sellers will be allocated, by ratio, a share of the profits equal to the total amount of MWh sold by the members divided by the sum of member's sale MWh and purchase MWh, but not to exceed 20% of the total profits. The balance of profits will be allocated, by ratio, to the Buyers.

FEM profit resulting from transactions that have no effect on FMPP generation, such as purchase/re-sales and bookouts, shall be allocated to the member systems at the end of each month using the FEM calculation to allocate its operating expenses to the member systems. FEM currently allocates 40% of its expenses equally to the member systems and allocates the remaining 60% based on the member's ratio of the total MWh transacted (both purchases and sales) by the members during the month. The ratio is developed based on member's transactions at CHP and does not include FEM's purchases from the pool or sales to the pool at the CHP.

A Lowest Weighted Average Cost (LWAC) is determined in each hour when FEM purchases energy externally to supply both the pool energy requirements and for re-sale externally. The highest cost purchases are re-sold and the weighted average of the lowest cost purchases are sold to the pool.

FEM may sell energy in multiple hour blocks at an average price. Because the CHP program calculates FEM profits hourly, energy sold at an average price may result in losses in the peak hours and large profits in off-peak hours. The CHP program includes an algorithm to "profile" the hourly transaction price to allocate the profit over all the hours of the transaction. This is accomplished by determining the total profit on the sale, dividing the profit by the total MWh and adding the $/MWh profit to the hourly CHP. Each FEM sale transaction provides a "flag" to indicate if the transaction is to be profiled or not profiled.

FEM may purchase energy in multiple hour blocks at an average price. Because the CHP program calculates FEM profits hourly, energy purchased at an average price may result in losses in the off-peak hours and large profits in the peak hours. The CHP program includes an

algorithm to "profile" the hourly purchase transaction price to the pool hourly load. The percent of hourly load to the peak load is calculated for each hour.

An intermediate hourly transaction $/MWh price is determined by multiplying the actual transaction $/MWh price by the hourly percent of peak load. The intermediate transaction price is multiplied by the hourly energy purchased and the hourly total costs are summed and subtracted the total dollar cost of the transaction. The difference is then divided by the total energy purchased and the $/MWh result is added to the intermediate hourly transaction price resulting in the new "profiled" $/MWh transaction cost. Each FEM purchase provided a "flag" to indicate if the transaction is to be profiled or not profiled.

APPENDIX C

BILLING DETERMINANTS

The hourly delivered Supplemental Wholesale Electric Energy is calculated using Vero Beach's adjusted net system load and subtracting from that load the net energy output from the Vero Beach Power Plant, third party economic purchases made to serve Vero Beach's system load and Excluded Generation Entitlements scheduled to serve Vero Beach's system load, which may include Replacement Power costs. If the delivered Supplemental Wholesale Electric Energy for the hour is less than the Supplemental Wholesale Electric Capacity purchased and the FMPP Clearinghouse Price (CHP) is greater than the Monthly Energy Rate, the difference between the delivered Supplemental Wholesale Electric Energy and the Supplemental Wholesale Electric Capacity will be sold to the FMPP at CHP and a credit shall be issued to Vero Beach on the monthly invoice in the amount of the difference between the Monthly Energy Rate $/MWh and CHP $/MWh multiplied by the energy difference between the delivered Supplemental Wholesale Electric Energy and the Supplemental Wholesale Electric Capacity plus any proportionate share of FEM profit.

Vero Beach's adjusted net system load requirement shall be calculated hourly by first summing the net generation, in MWh, from all operating power plants within Vero Beach's metered boundaries, then adding this generation to the sum of energy in flows net of energy out flows across all points of electrical interconnection (net tie-flow) that Vero Beach has with other entities (currently FP&L and Ft. Pierce Utilities) to determine Vero Beach's net system load. Vero Beach's calculated net system load will then be adjusted by adding the MWh transmission losses scheduled to the Firm Transmission Provider (FP&L) and Vero Beach's allocated share of OUC's Inadvertent Energy as determined by the Florida Municipal Power Pool. Inadvertent Energy is described in Appendix B-1, in the description of FMPP Ancillary Services Calculations.

In hours that the Supplemental Wholesale Electric Energy calculation returns an energy amount of less than zero that energy amount is considered a sale to OUC for re-sale and will be subject to a proportionate share of OUC's FEM profit, if any, derived from the re-sale. Any portion of the energy amount less than zero that is attached to a specific energy or capacity and energy agreement entered into by OUC for Vero Beach for any Vero Beach owned or purchased generating asset will first be subtracted from the energy amount less than zero and the balance will be subject to a proportionate share of OUC's FEM profits, if any. Revenues from specific energy or capacity and energy agreements entered into by OUC for the sale of output from Vero Beach's owned or purchased generating assets will be credited to Vero Beach on the monthly invoice.

Vero Beach's proportionate share of OUC's hourly FEM profit from a sale for re-sale shall be calculated from the profit allocated to OUC by the FMPP. OUC's allocated share of an FEM profit will be allocated to Vero Beach based on the ratio of Vero Beach's sale for re-sale energy to the total amount of energy OUC is selling to the FMPP. Vero Beach will be credited with its proportionate share of the profit plus the sale for re-sale energy priced at the FMPP's CHP $/MWh. Losses are allocated in the same manner as profits. Determination and allocation of FEM profits are described in more detail in Exhibit C Appendix B-2. These Energy Billing

Determinants are subject to change in the event that OUC builds generation capacity within Vero Beach's metered boundaries or changes that occur to FMPP methodologies.

EXHIBIT D

DEFINITIONS

"Administrator" shall mean OUC performing Administrative Services on behalf of Vero Beach.

"Administrative Services" shall have the meaning set out in Exhibit A, Section 3.6.

"AGC" shall have the meaning set forth in Appendix B-1 of Exhibit C.

"Ancillary Services" shall mean Interconnected Operations Services identified by the Federal Energy Regulatory Commission or other regulatory bodies or agreements as necessary to affect a transfer of electricity between OUC and Vero Beach.

"Bonds" shall mean (i) revenue bonds, notes, or other evidences of indebtedness, without regard to the term thereof, whether or not any issue of such Bonds shall be subordinated as to payment to any other issue of Bonds, from time to time issued or already issued by FMPA to finance any cost, expense or liability paid or incurred or to be paid or incurred by FMPA in connection with the investigating, studying, planning, engineering, designing, financing, installing, constructing, acquiring, operating, maintaining, retiring, decommissioning or disposing of any part of the FMPA system or otherwise paid or incurred or to be paid or incurred by FMPA in connection with the performance of its obligations under the All-Requirements Power Supply Project Contracts or for any other lawful purpose for FMPA to implement the ARP and (ii) Vero Beach Florida Electric Revenue Bonds.

"Bond Resolutions" shall mean any one or more resolutions, trust agreements, loan agreements, or other similar instruments providing for the issuance of Bonds.

"Clearinghouse Price (CHP)" shall mean an FMPP Member-agreed-to-methodology to price energy that members buy from and sell to the FMPP. The CHP price is the weighted average price of the highest cost block of pool energy that can move down 50 MWh from its actual loading level. The FMPP CHP methodology is subject to change by the FMPP.

"Counterparty" shall mean the parties to the Generation Entitlement Contracts listed in Exhibit E.

"Contract Capacity" shall have the meaning set forth in Section 5.1 of Exhibit B to this Agreement. The capacity provided from the Vero Beach Power Plant Units 2 and 5, referred to as the Vero Beach CC, net of the electric power used for the day-to-day powering of the Vero Beach Power Plant ("Plant Power and Maintenance Power") (the "Contract Capacity"). The Contract Capacity does not include Units 1, 3 and 4 or the additional capacity created by an expansion or conversion of the Vero Beach Power Plant that may be undertaken by Vero Beach after the Effective Date.

"Contract Energy" shall have the meaning set forth in Section 5.2 of Exhibit B to this Agreement. The Contract Energy shall be the Metered Net Energy Output, generated by the Contract Capacity as delivered.

"CROD" shall mean the Contract Rate of Delivery defined in Section 3(a) of the All-Requirements Power Supply Project Contract, by and between the Florida Municipal Power Agency and the City of Vero Beach, dated October 1, 1996 (the "FMPA ARP"), as amended by Amendment No. 1 to All Requirements Power Supply Project Contract between FMPA and The City of Vero Beach, dated January 22, 1999.

"Delivery Point" shall mean the point of interconnection between FPL and OUC as specified in Appendix A to Exhibit C to this Agreement.

"Effective Date" shall mean the date defined in the opening paragraph of this Agreement.

"Estimation Process" shall have the meaning set forth in Section 10.3 of Exhibit C to this Agreement.

"Event of Default" shall have the meaning, with respect to OUC set forth in Section 8.1, and, with respect to Vero Beach, set forth in Section 8.2, of this Agreement.

"Excluded Generation Entitlements" shall have the meaning set forth in Section 3.1(a) of Exhibit C to this Agreement and include Required Purchases.

"Excluded Liabilities" shall have the meaning set forth in Section 3.2 of Exhibit A to this Agreement.

"FEM" shall mean the marketing group of the FMPP.

"FERC" shall mean the Federal Energy Regulatory Commission.

"Firm Transmission Service" shall mean either FPL Network Integration Transmission Service or FPL Firm Point-to-Point Transmission Service.

"Florida PSC" shall mean the Florida Public Service Commission.

"FMPA" shall mean the Florida Municipal Power Agency.

"FMPP" shall mean the Florida Municipal Power Pool.

"FMPP Dispatch Price of Fuel Gas" shall mean average of the next day's mid point pricing for fuel gas at Florida City Gate as estimated by the FMPP Member's fuel agents. FEM reports the FMPP Dispatch Price of Fuel Gas daily in its fuel forecast report.

"FMPP Spinning Reserve Factor" shall mean the factor developed by the FMPP using numerous unit commitment runs to determine the approximate cost of spinning reserve

capacity to the pool. The Spinning Reserve factor is currently set at 1.45 and is subject to change by the FMPP.

"Forced Outage" shall mean any condition at the Vero Beach Power Plant that requires immediate removal of all the Vero Beach Power Plant, or one or more units of the Vero Beach Power Plant, from service, another outage state, or a reserve shutdown state. This type of outage results from immediate mechanical/electrical/hydraulic control system trips or operator-initiated trips in response to plant conditions or alarms.

"FRCC Spinning Reserve Requirement" shall mean the FRCC required 25% allocation of operating reserves which must be on-line and spinning. The current percentage is subject to change by the FRCC.

"FRCC Operating Reserve Allocation Methodology" shall mean Operating Reserve to be allocated among the reserve sharing group members in proportion to each member's Maximum Demand during one hour of the preceding calendar year and the gross peak capability of its largest unit. The current methodology is subject to change by the FRCC.

"Fuel Point of Delivery" shall mean the point at which OUC makes available and delivers to Vero Beach the natural gas fuel to be consumed at the Vero Beach Power Plant.

"Generation Entitlement" shall mean Vero Beach's right to receive the capacity and energy under each of the power supply agreements listed in Exhibit E to this Agreement.

"Generation Entitlement Contracts" shall mean all of the power supply agreements listed in Exhibit E to this Agreement.

"Heat Rate Degradation (load following)" shall mean the amount of heat rate degradation that occurs when a unit is in load following mode as determined by FMPP testing. The amount of degradation is converted to a $/MWh value that is included when determining credits due a member for providing load following service to the FMPP.

"kWh" shall mean kilowatt-hour.

"Load Obligations" shall mean the power supplies required for Vero Beach to meet its obligations to provide electricity service in its electric service territory, including required reserves.

"Lost Opportunity (load following)" is where the FMPP compensates a member for lost opportunity if its unit is load following for the pool. Compensation is only paid if the load following unit has an incremental cost lower than the CHP and there were other higher cost units that could have been backed off to allow the load following unit to be picked up. If the unit meets all the conditions set for lost opportunity, credits are given equal to the difference between the CHP and the unit incremental cost multiplied by the amount of MWh the unit could have picked up if not in AGC load following mode.

"Maximum Demand" shall mean the MWH of load during the hour of the peak for the system less partial requirement purchases where fifty percent is allocated on the basis of demand and fifty percent on the basis of the Gross Peak Capability of the largest unit.

"Metering Devices" shall mean all OUC-owned meters, metering equipment, and data processing equipment used to measure, record or transmit data relating to the electric power and energy delivered by OUC to the Delivery Point.

"Metering Points" shall mean the points of interconnection between the FP&L transmission system and the Vero Beach transmission system and the points of interconnection between Vero Beach's transmission system and that of Fort Pierce.

"Monthly Demand Charge" shall have the meaning set forth in Section 5.1 of Exhibit C.

"Monthly Energy Charge" shall have the meaning set forth in Exhibit C, Section 5.1.

"Net Capability" or "NC" shall mean the net power output, in kilowatts (kW) that the Vero Beach Power Plant is expected to be able to produce and deliver to its delivery points on the Vero Beach transmission system. Net Capability is determined from time to time on a seasonal basis (*i.e.*, summer, April through September, and winter, October through March) based upon the results of capacity tests conducted by Vero Beach.

"One-minute Load Data" shall mean the actual output records of each AGC capable generating unit and each FMPP Member System load every minute recorded by FMPP Energy Management System (EMS). The FMPP determines the MW difference between each minute and sums the absolute values for each hour. These hourly sums are used to determine the work that each unit performed during the hour and MW movement of each members load during the hour to determine Load Following ancillary service payments between members.

"Operating Committee" shall mean the committee appointed pursuant to Section 7.5 of Exhibit B to this Agreement and having the responsibilities set forth therein.

"Operating Records" shall mean all records of operations at the Vero Beach Power Plant, including operating logs, blueprints, invoices for equipment, operating manuals, all warranties on equipment, and all documents, in printed or electronic format, which Vero Beach uses or maintains for the operation of the Vero Beach Power Plant.

"Prudent Utility Practice" shall mean any of the applicable practices, methods and acts (i) required by the policies and standards of state regulatory authorities having jurisdiction relating to emergency operations or otherwise required by applicable law; or (ii) otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period; which in each case in the exercise of reasonable judgment in light of the facts known or that should have been known at the time a decision was made, could have been expected to accomplish the desired result in a manner consistent with law, regulation, safety, environmental protection, economy, and expedition. Prudent Utility Practice is intended to be

acceptable practices, methods or acts generally accepted and lawful in the region, and is not intended to be limited to the optimum practices, methods or acts to the exclusion of all others.

"Required Purchases" shall have the meaning set forth in Exhibit "C", Section 4(d).

"Scheduled Outage " shall mean a planned interruption/reduction of the Vero Beach Power Plant's generation that both (a) has been coordinated in advance with OUC, with a mutually agreed start date and duration, and (b) is required for inspection, or preventive or corrective maintenance.

"Supplemental Wholesale Electric Energy" shall have the meaning set forth in Section 5.2 of Exhibit C.

"Supplemental Wholesale Electric Capacity" has the meaning set forth in Section 3.1 of Exhibit C of this Agreement.

"Tank 1" shall mean the Vero Beach oil storage tank as more specifically described in Exhibit B, Section 2.4.

"Tank 2" shall mean the Vero Beach oil storage tank as more specifically described in Exhibit B, Section 2.4.

"Term" shall mean the period from the Turnover Date until 20 years thereafter, unless sooner terminated under the terms of this Agreement, as such period may be extended by the Parties as provided under the terms of this Agreement.

"Turnover Date" shall have the meaning set forth in Subsection 2.1 (a) of Exhibit A to this Agreement.

"Unit 1" shall mean one of the five generating units that comprise the Vero Beach Power Plant, the capacity of which is 12.5 MW.

"Unit 2" shall mean one of the five generating units that comprise the Vero Beach Power Plant, the capacity of which is 16.5 MW running in simple cycle, which for purposes of calculating Supplemental Wholesale Electric Capacity shall be deemed to be no more than 16.5 MW.

"Unit 3" shall mean one of the five generating units that comprise the Vero Beach Power Plant, the capacity of which is 34 MW.

"Unit 4" shall mean one of the five generating units that comprise the Vero Beach Power Plant, the capacity of which is 46 MW.

"Unit 5" shall mean one of the five generating units that comprise the Vero Beach Power Plant, the capacity of which is 38 MW running in simple cycle, which for purposes of calculating Supplemental Wholesale Electric Capacity shall be deemed to be no more than 38 MW.

"Vero Beach Power Plant" shall mean the electric generating plant located at 100 17th Street, Vero Beach, Florida, consisting of five generating units with a total capacity of 150 MW on a 19-acre parcel on the West Bank of the Indian River.

"Vero CC" shall mean Unit 2 and Unit 5 running in combined cycle.

"VOM (load following)" shall mean where FMPP Member systems have determined the costs within a unit's total variable operating and maintenance cost (VOM) that are attributed to the extra maintenance costs for load following units. The VOM is a $/MWh cost that is included when determining credits due a member for providing load following service to the FMPP.

"Wholesale Electric Service" shall mean administration of Vero Beach Generation Entitlements, administrative oversight of Vero Beach Power Plant, generation planning and the annual calculation of Supplemental Wholesale Electric Capacity required as outlined in Appendix B, the supply of Supplemental Wholesale Electric Capacity and supply of Supplemental Wholesale Electric Energy as defined in the Exhibit C, and Ancillary Services necessary for the operation of the system consistent with control area requirements.

EXHIBIT E

GENERATION ENTITLEMENT CONTRACTS

1. St. Lucie Power Sales Contract, by and between the Florida Municipal Power Agency and the City of Vero Beach, dated June 1, 1982, as amended by Amendment No. 1, dated January 1, 1983 and Amendment No. 2 and Annex No. 1 [undated].

2. St. Lucie Project Support Contract, by and between the Florida Municipal Power Agency, and the Vero Beach of Vero Beach, dated June 1, 1982; as amended by Amendment No. 1, dated January 1, 1983, and Amendment No. 2, dated April 1, 1983.

3. Stanton I Power Sales Contracts, by and between the Florida Municipal Power Agency and the City of Vero Beach, dated January 16, 1984.

4. Stanton I Project Support Contract, by and between the Florida Municipal Power Agency and the City of Vero Beach, dated January 16, 1984.

5. Stanton II Power Sales and Project Support Contract, by and between the Florida Municipal Power Agency and the City of Vero Beach, dated April 17, 1991.

6. The All-Requirements Power Supply Project Contract, by and between the Florida Municipal Power Agency and the City of Vero Beach, dated October 1, 1996 (the "FMPA ARP"), as amended by Amendment No. 1 to All Requirements Power Supply Project Contract between FMPA and The City of Vero Beach, dated January 22, 1999.

EXHIBIT F

REQUIRED APPROVALS

OUC

1. Approval of this Agreement by the OUC Board.

Vero Beach

1. Approval of this Agreement by the City Council of Vero Beach.