

OPTION AGREEMENT

This Option Agreement ("*Agreement*"), is made and entered into effective as of the 1st day of October, 2012, by and among ~~ORLANDO UTILITIES COMMISSION~~ FLORIDA MUNICIPAL POWER AGENCY, a ~~statutory municipal utility~~ governmental legal entity organized and existing under the laws of the State of Florida ("**OUCFMPA**"), and FLORIDA POWER & LIGHT COMPANY, a corporation organized under the laws of the State of Florida ("**FPL**"). **OUCFMPA** and FPL are referred to individually as a "**Party**", and collectively as the "**Parties**".

WITNESSETH:

WHEREAS, FPL is developing two (2) new nuclear generating units, known as Turkey Point Units 6 and 7, to be located near Homestead, Florida (each unit, a "**New Nuclear Unit**", and both units together, the "**New Nuclear Units**"); and

WHEREAS, FPL desires to grant **OUCFMPA**, and **OUCFMPA** desires to accept from FPL, an option to purchase from FPL ownership rights in up to 50 ~~or 56~~ megawatts ("**MW**") of each New Nuclear Unit (i.e., up to 100 ~~or 112~~ MWs total), in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for ten dollars (\$10) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

1. Purchase Option.

(a) On the terms and conditions set forth herein, with respect to each New Nuclear Unit, if the United States Nuclear Regulatory Commission ("**NRC**") has issued a Combined Construction and Operating License that has become final and non-appealable ("**Final COL**") for such New Nuclear Unit by December 31, 2022, FPL hereby grants to **OUCFMPA** an option (the "**Purchase Option**") to purchase from FPL ownership rights in up to 50 MWs of such New Nuclear Unit. For the avoidance of doubt, if the NRC issues a Final COL for both New Nuclear Units by December 31, 2022, the Purchase Option shall be for up to 50 MWs of each New Nuclear Unit that is developed. If the COL is issued prior to December 31, 2022, but the appeals process is still pending, then the December 31, 2022 date shall be extended until the appeals process is complete.

(b) If, by December 31, 2022, (i) (A) the NRC does not issue a Final COL for a particular New Nuclear Unit or (B) FPL in its sole discretion chooses to permanently abandon development of a particular New Nuclear Unit and (ii) FPL begins developing one or more other new nuclear generating units, excluding uprates (each new (but non-uprate) unit, a "**Substitute Nuclear Unit**", and all such units together, the "**Substitute Nuclear Units**") and the NRC issues a Final COL for one or more of the Substitute Nuclear Units, then the Purchase Option relating to such New

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Nuclear Unit shall cease to be an option to purchase ownership rights in such New Nuclear Unit and shall instead automatically become an option to purchase from FPL ownership rights in up to 50 MWs of the Substitute Nuclear Units on the terms and conditions set forth herein. For the avoidance of doubt, if both New Nuclear Units satisfy the condition in clause (i), above, prior to December 31, 2022, then the Purchase Option shall automatically become an option to purchase from FPL ownership rights in a total of up to 100 MWs of the Substitute Nuclear Units on the terms and conditions set forth herein. If, pursuant to this paragraph (b), the Purchase Option relates to more than one Substitute Nuclear Units, then the capacity up to 50 or 100 MWs, as applicable, of the Purchase Option shall be allocated pro-rata among the Substitute Nuclear Units by rated MW capacity. Notwithstanding any provision herein to the contrary, the Purchase Options relating to New Nuclear Units and Substitute Nuclear Units shall not exceed 100 MW in the aggregate. (Satisfaction of the conditions in clauses (i) and (ii), above, prior to December 31, 2022 shall be referred to herein as a "**Substitution Event**".)

(c) FPL shall have the discretion to determine whether to commence, continue or cease (and the manner and timetable for and all aspects of participation in the regulatory process associated with) developing, or obtaining a Final COL for, any New Nuclear Unit or any Substitute Nuclear Unit. Nothing in this Agreement shall create any obligation of FPL to commence or continue developing, or obtaining a Final COL for, any New Nuclear Unit or any Substitute Nuclear Unit.

~~2. — **MW Increase Option.** On the terms and conditions set forth herein, FPL hereby grants to OUC an option (the "**MW Increase Option**") to increase the Purchase Option from 100 MWs to 112 MWs (with such 12 MWs allocated pro-rata among the New Nuclear Units and/or Substitute Nuclear Units by rated MW capacity).~~

32. Exercise of Options.

(a) Within a reasonable period of time after receipt thereof, FPL shall provide written notice to OUCFMPA, as required under ArticleSection 8, Notices, of issuance by the NRC of a Final COL for a New Nuclear Unit, or upon a Substitution Event, of issuance by the NRC of a Final COL for a Substitute Nuclear Unit. In the event that OUCFMPA, in its sole discretion, decides to exercise the Purchase Option ~~and/or the MW Increase Option~~, OUCFMPA must exercise such option ~~(s)~~ by providing written notice thereof ("**Notice of Exercise**") to FPL as required under ArticleSection 108, Notices, on or prior to the date ("**Expiration Date**") that is one hundred twenty (120) two hundred seventy (270) days after FPL notifies OUCFMPA of issuance by the NRC of a Final COL for such New Nuclear Unit or Substitute Nuclear Unit, as applicable.

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(b) The Purchase Option may only be exercised with respect to any capacity amount between 25 MWs and 100 MWs, in FMPA's sole discretion ~~(a) all 100 MWs (i.e., 50 MWs of each New Nuclear Unit) if the MW Increase Option is not exercised or (b) all 112 MWs (i.e., 56 MWs of each New Nuclear Unit) if the MW Increase Option is exercised. No partial exercise of the Purchase Option or the MW Increase Option is permitted; provided, however, that~~ in the event only one of the New Nuclear Units is developed and no Substitute Nuclear Unit is developed, then an partial

exercise of the Purchase Option will be permitted in ~~the an~~ amount ~~of between 10 MWs and 50 MWs, in FMPA's sole discretion,~~ of such New Nuclear Unit ~~(or 56 MW if the Increase Option is also exercised).~~

43. Participation Agreement.

(a) If OUCFMPA timely exercises the Purchase Option pursuant to Section 3-2 hereof, then the Parties agree that the purchase by OUCFMPA of the ownership interests in the New Nuclear Units (or the Substitute Nuclear Units if a Substitution Event has occurred) shall be made pursuant to a mutually agreed participation agreement (the "**New Participation Agreement**") for each unit. The Parties will use best reasonable efforts to come to agreement on such New Participation Agreement within ~~one hundred twenty-three hundred sixty-five (120365)~~ days after the date of the Notice of Exercise. If the Parties are unable to agree on all of the terms of the New Participation Agreement, then on those terms which cannot be agreed, the Parties shall utilize the corresponding term in the form of the St. Lucie Unit No.2 Participation Agreement dated ~~June 6, 1980~~ February 11, 1982, between FPL and OUCFMPA, as amended (the "**St Lucie 2 Participation Agreement**"). In any event, the New Participation Agreement for each unit shall differ from the St. Lucie 2 Participation Agreement as follows:

(i) OUCFMPA's Ownership Percentage (as defined in the St. Lucie 2 Participation Agreement) in the relevant unit will be equal to (A) the MWs in the Purchase Option allocated to such unit pursuant to Section 1, above, divided by (B) the rated capacity stated for such unit in the application for the Final COL for such unit. For example, if a unit has a rated capacity of 1100 MWs and 50 MWs of the Purchase Option are allocated to such unit, then OUCFMPA's Ownership Percentage in such unit shall be 4.54545% (50MW/1100MW);

(ii) Conforming changes will be made reflecting differences in the name, site and equipment between such unit and Unit 2 of St. Lucie nuclear power plant;

(iii) The amount of "\$100 million" in Sections 16 and 29.1 of the St. Lucie 2 Participation Agreement is replaced with "~~\$275-200~~ million";

(iv) Sections 17.3.3, 17.3.4 and 20 of the St. Lucie 2 Participation Agreement will not be incorporated and the reference to Section 20 contained in Section 29.1 will be deleted;

(v) Section 31.2 shall be modified to replace "six percent (6%)" with OUCFMPA's percentage ownership in such unit.

(vi) ~~A waiver of jury trial by each Party will be incorporated;~~

(vii) OUCFMPA will assume the risk and cost of obtaining or making any authorization, consent, approval, license, ruling, permit, filing, order or the like ("**Approvals**") of, from or with any federal, state or local governmental, regulatory or judicial authority, relating to the transfer to, or

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ownership by, OUCFMPA of rights in the relevant unit, including but not limited to NRC approval and any approval required to amend the site certificate to reflect a change in ownership in such unit. FPL will provide reasonable assistance as requested by FMPA;

(viii) Costs for transmission system upgrades assigned to the "generator" pursuant to FERC policies and rules shall be included in the Participation Costs (as defined in the St Lucie 2 Participation Agreement) but costs for transmission system upgrades assigned to the "transmission provider" pursuant to FERC policies and rules shall not be included as Participation Costs. For the avoidance of doubt, "generator costs" are the costs dedicated exclusively to connecting generating resources to the point of interconnection with the transmission system and shall not include distribution upgrades, stand alone network upgrades or network upgrades as defined in the OATT;

~~(xviii)~~ Conforming changes required by the Parties by the foregoing clauses (i) to (viii) and conforming changes reflecting differences in facility design and site conditions from those of Unit 2 of the St. Lucie nuclear power plant. For the avoidance of doubt, differences in facility design and site conditions shall not require changes in the responsibility of the parties from those set forth in the St. Lucie Participation Agreement.

Comment [TR1]: Does this include allocations for common facilities, for example? SL has 2 nuclear units, TP has 2 nuclear units and several non-nuclear units.

Comment [TR2]: We would like some discussion / understanding on exactly what this sentence is referring to. What responsibilities?

(ix) [Need a clause concerning allocation of costs. Any cost allocation for O&M and A&G expenses needs to be based on costs associated with FPL's regulated business only.]

(b) The Parties agree to execute a New Participation Agreement for each New Nuclear Unit or Substitute Nuclear Unit, as applicable, within thirty-one hundred eighty (30180) days after the date of final agreement on the terms, consistent with this Section.

54. Expiration or Termination of Options.

(a) If OUCFMPA has not provided FPL with a Notice of Exercise on or prior to the Expiration Date (as such may be extended under ~~section-Section~~ 1(a)) relating to a New Nuclear Unit or Substitute Nuclear Unit, the Purchase Option ~~and the MW Increase Option~~ for all New Nuclear Units and Substitute Nuclear Units (as applicable) shall expire on such Expiration Date. ~~If OUC provides FPL with a Notice of Exercise with respect to the Purchase Option but does not concurrently provide FPL a Notice of Exercise with respect to the MW Increase Option, the MW Increase Option shall automatically expire on issuance of the Notice of Exercise with respect to the Purchase Option. For the avoidance of doubt, the MW Increase Option may not be exercised without OUC exercising the Purchase Option.~~

(b) Except with respect to a Purchase Option timely exercised pursuant to Section 32, this Agreement shall automatically terminate on December 31, 2022 (as such may be extended under ~~section-Section~~ 1(a)).

65. Restriction on Transfer or Assignment. OUCFMPA may not transfer or assign (by contract, operation of law or otherwise) to any person or entity all or any portion of the Purchase Option, ~~the MW Increase Option~~ or any other right, title or interest in or to this Agreement.

76. Non-Reliance; Due Diligence.

(a) OUCFMPA hereby expressly acknowledges that none of FPL or any of its affiliates, nor any of its or their respective officers, directors, employees, agents or advisors (all of the foregoing are collectively, "**Representatives**") has made any representations or warranties, whether oral or written, express or implied, as to any New Nuclear Unit, any Substitute Nuclear Unit, ~~or the Purchase Option or the MW Increase Option~~, and that no act, statement or communication by FPL or its Representatives taken or made before or after the execution of this Agreement shall be deemed to constitute any representation or warranty by FPL or its Representatives.

(b) At any time prior to the earlier of the date of the Notice of Exercise or the Expiration Date, OUCFMPA may conduct due diligence of the type and scope customary for transactions of the nature set forth in this Agreement. During such time, FPL shall permit OUCFMPA, and its advisors that have signed a non-disclosure agreement reasonably acceptable to FPL and in accord with Florida law, to have ~~reasonable~~ access during normal business hours to documents and other information and data reasonably requested by OUCFMPA and in FPL's possession related to the New Nuclear Units or Substitute Nuclear Units.

At OUCFMPA's request, FPL shall undertake reasonable efforts to secure consent from third parties to permit OUCFMPA to review documents and other information and data in its possession related to the New Nuclear Units or Substitute Nuclear Units that is proprietary or confidential to such third parties. FPL AND ITS REPRESENTATIVES MAKE NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF ANY DOCUMENTS, INFORMATION OR DATA FURNISHED TO OUCFMPA OR ITS ADVISORS, AND ANY RELIANCE ON OR USE OF THE SAME SHALL BE AT OUCFMPA'S SOLE RISK.

(c) OUCFMPA also represents and warrants to FPL that, as of the date of the Notice of Exercise, OUCFMPA will have, independently and without reliance upon FPL or any of its Representatives, made its own appraisal and investigation of the New Nuclear Units, the Substitute Nuclear Units, and the Purchase Option ~~and the MW Increase Option~~. OUCFMPA agrees that, except any rights to which OUCFMPA may be entitled under the Participation Agreement with respect to vendor warranties or insurance proceeds, any purchase by or transfer to OUCFMPA of ownership rights in any New Nuclear Unit or any Substitute Nuclear Unit is made on an "AS-IS", and "WHERE-IS" and "WITH ALL FAULTS" CONDITION, WITHOUT ANY REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE.

87. Transfer Taxes. OUCFMPA shall pay all sales, value added, transfer, stamp or excise taxes, or similar taxes payable in connection with the sale and transfer

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of the Purchase Option, ~~the MW Interest Option~~ and/or the ownership rights in the New Nuclear Units applicable to FMPA transferred pursuant to the exercise of any option herein.

98. Notices. Any notice required or permitted to be given hereunder shall be in writing and shall be in writing and shall be (i) personally delivered, (ii) transmitted by postage prepaid registered mail, or (iii) transmitted by a recognized overnight courier service, as elected by the Party giving such notice:

(a) In the case of Purchaser:

~~Orlando Utilities Commission~~
~~100 West Anderson Street~~
~~Orlando, FL 32804~~ Florida Municipal Power Agency
8553 Commodity Circle
Orlando, FL 32819
Attention: ~~Vice President Electric and Water Production~~ General Manager
and CEO
Tel: 407-~~423-9100~~ 355-7767
Fax: 407-~~275-4120~~ 355-5794

With a copy to:

Florida Municipal Power Agency
Office of General Counsel
~~100 West Anderson Street~~
~~Orlando, FL 32804~~ 2061-2 Delta Way
Tallahassee, FL 32303
Tel: ~~407-423-9100~~ 850-297-2011
Fax: ~~407-434-2220~~ 850-297-2014

(b) In the case of FPL:

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
Attention: Senior Director Project Development
Tel: 561-694-5051
Fax: 561-694-3360

~~Florida Power & Light Company~~
~~700 Universe Boulevard~~
~~Juno Beach, FL 33408~~

With a copy to:

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
Attention: Vice President and General Counsel - Nuclear

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Tel: 561-691-7126
Fax: 561-691-7135

All notices and other communications shall be deemed to have been duly given on (i) the date of receipt if delivered personally, (ii) ~~five (5)~~ seven (7) days after the date of posting if transmitted by mail, or (iii) the business day following delivery to the courier if transmitted by overnight courier service; ~~or (iv) the date of transmission with confirmation if transmitted by facsimile, whichever shall first occur.~~ Any Party may change its address for purposes hereof by notice to the other Party.

409. Governing Law. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Florida, without giving effect to the conflict of law provisions thereof.

410. Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT ~~AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH,~~ OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

421. Entire Agreement. This Agreement constitutes the entire final understanding and agreement of the Parties with respect to its subject matter, and there are no agreements, understandings, restrictions, representations or warranties among the Parties other than those set forth in this Agreement.

432. Expenses. The Parties shall pay their own expenses incident to negotiating, entering into and carrying out this Agreement, the New Participation Agreement and any agreements referenced herein.

443. Third-Party Beneficiary. This Agreement is intended solely for the benefit of the Parties, and the Parties expressly disclaim any intent to create any rights in any third party as a third-party beneficiary to this Agreement.

454. Assignment. This Agreement may not be assigned or transferred by any Party without the prior written consent of the other Parties. The provisions set forth herein shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties.

465. Amendment. This Agreement may not be amended, modified or supplemented, except by written agreement of all of the Parties.

476. Waiver. No delay, failure or refusal on the part of any Party to enforce any provision of this Agreement shall be construed as a waiver of such provision.

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~~1817.~~ **Invalid Provision.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, such provision will be fully severable and this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof. The remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and in lieu of such illegal, invalid or unenforceable provision, ~~there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.~~

~~1918.~~ **Construction.** ~~The Parties acknowledge and agree that the terms and conditions of this Agreement have been freely and fairly negotiated.~~ Each Party acknowledges that in executing this Agreement they have relied solely on their own judgment, belief and knowledge, and such advice as they may have received from their own counsel, ~~and they have not been influenced by any representation or statements made by any other Party or its counsel.~~ No provision in this Agreement is to be interpreted for or against any Party because that Party or its counsel drafted such provision.

~~2019.~~ **Confidentiality.** This Agreement and any document submitted by a Party to the other under Agreement or during the negotiation of this Agreement or the agreements required to be executed hereunder ("**Confidential Documents**") may be a public record (as defined in Section 119.011, Florida Statutes) and may be open for inspection or copying by any person or entity unless such document is exempted under Section 119.071, Florida Statutes. A Party may claim that one or all of the Confidential Documents is, or has been treated as, confidential and proprietary by such Party in accordance with Florida law, and is exempt from disclosure under Chapter 119, Florida Statutes. In the event that a Party is requested or required by legal or regulatory authority to disclose any Confidential Document, such Party shall within three (3) days notify the other Parties of such request or requirement prior to disclosure so that the other Parties may seek an appropriate protective order. All costs of seeking any protective order or other designation and for contesting, limiting, or protecting the disclosure of Confidential Documents in response to a request or demand shall be borne and paid in full by disclosing Party. In addition to the foregoing sentence, if litigation is filed against FMPA, as the receiving Party, alleging that FMPA as the receiving party is violating the Florida Public Records Law with regard to any of the Confidential Documents, the disclosing Party shall immediately (i) intervene in the lawsuit as a party in support of the receiving Party, and (ii) provide for and pay all attorney's fees and costs associated with defending that lawsuit through its completion, including all levels of appeal on behalf of both the disclosing Party and FMPA as the receiving Party. This section shall terminate on the earlier of the execution and delivery by each Party of the New Participation Agreement or December 31, 2022.

~~20.~~ **Press Releases.** Except as may be required by applicable law, the Parties shall not issue any press release or other public disclosure with respect to this Agreement or the transactions contemplated hereby without first affording the non-disclosing Parties the opportunity to review and comment on such press release or public

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| disclosure.

| **2221. Counterparts.** The Parties acknowledge and agree that this Agreement may be executed in multiple counterparts, each such counterpart, when executed and delivered, shall constitute an integral part of one and the same agreement.

[Remainder of page is intentionally left blank; signatures on following page]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized representatives as of the date first above written.

FLORIDA POWER & LIGHT COMPANY

By: _____

Eric Silagy, President

~~ORLANDO UTILITIES COMMISSION~~
~~FLORIDA MUNICIPAL POWER AGENCY~~

By: _____

~~Kenneth P. Ksionek~~ Nicholas P.

Guarriello

General Manager and CEO