

APPENDIX C  
PARTICIPATION AGREEMENT

CRYSTAL RIVER UNIT 3  
PARTICIPATION AGREEMENT

July 31, 1975

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CRYSTAL RIVER UNIT 3  
PARTICIPATION AGREEMENT

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CRYSTAL RIVER UNIT No. 3

PARTICIPATION AGREEMENT

1. AGREEMENT

- 1.1 This AGREEMENT, dated as of July 31, 1975, is between FLORIDA POWER CORPORATION (the COMPANY), a corporation organized and existing under the laws of the State of Florida, and PARTICIPANTS. A true and complete listing of PARTICIPANTS and their respective Generation Entitlement Shares appear in Appendix A attached hereto and made a part hereof.
- 1.2 WHEREAS, COMPANY and PARTICIPANTS desire to establish their ownership rights in the 825 MW nominally rated nuclear generating unit known as the Crystal River Unit No. 3 (CR-3) located near the City of Crystal River in Citrus County, Florida, as more particularly described in the Application for Licenses, Final Safety Analysis Report, and Environmental Report, as amended, and filed by COMPANY with the Nuclear Regulatory Commission in Docket No. 50-302 (collectively referred to as "Application");
- 1.3 WHEREAS, it is the intention of all parties to proceed in good faith and put forth their best efforts toward completion of CR-3.
- 1.4 NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, COMPANY and PARTICIPANTS hereby agree as follows:

## 2. DEFINITIONS

The following terms, when used herein and in the Appendices attached hereto, shall have the following meanings, unless the context otherwise indicates:

- 2.1 ACCOUNT NUMBER: The Federal Power Commission Uniform System of Accounts number.
- 2.2 ACCOUNTING PRACTICE: Accounting principles in accordance with the Federal Power Commission Uniform System of Accounts, as prescribed for Public Utilities and Licensees (Class A and Class B), as adopted by the Florida Public Service Commission.
- 2.3 ADMINISTRATIVE COMMITTEE: The committee established pursuant to Section 15 hereof.
- 2.4 AFC: Allowance for funds used during construction
- 2.5 CAPITAL IMPROVEMENTS: Any Units of Property which are added to CR-3, the betterment of any Units of Property constituting a part of CR-3, and the replacement of any Units of Property for other Units of Property, irrespective of whether such replacement constitutes an enlargement or betterment of that which it replaces, which additions, betterments, enlargements and replacements would be capitalized, in accordance with Accounting Practice.
- 2.6 COMMON FACILITIES: All improvements, facilities and structures located on the Plant Site which are necessary or required for licensing, construction, start-up, operation, maintenance, control, supply, or shut-down of CR-3; which are required and used for operation, maintenance, control, and supply of CR-1 and CR-2; and are not included in the Cost of Construction of CR-3. These facilities are more particularly described in Appendix G attached hereto and may be revised from time to time pursuant to the terms hereof.
- 2.7 COMPANY: Florida Power Corporation and its successors.
- 2.8 CONSTRUCTION INSURANCE: Policies of insurance procured and maintained by COMPANY during construction and testing up to fuel loading, in accordance with Section 11 hereof.
- 2.9 CONSTRUCTION WORK: All engineering, design, contract preparation, purchasing, construction, supervision, expediting, inspection, accounting, testing and start-up for CR-3 and preparation of operating and equipment manuals, quality assurance manuals, Emergency Action Plans, all reports required by regulatory authorities and the conduct of hearings, conferences and other activities incidental to obtaining requisite permits, licenses and certificates for the construction and operation of CR-3 prior to Commercial Operation thereof.
- 2.10 COST OF CONSTRUCTION: The costs of constructing CR-3 as described in Section 4.3.2 hereof.



- 2.11 CRYSTAL RIVER UNIT 1: (CR-1) A fossil fuel-fired steam electric generating unit owned by COMPANY on the Plant Site with a nameplate turbine capability of 371 MW and all facilities and structures used therewith or related thereto, but excluding Common and External Facilities.
- 2.12 CRYSTAL RIVER UNIT 2: (CR-2) A fossil fuel-fired steam electric generating unit owned by COMPANY on the Plant Site with a nameplate turbine capability rating of 476.2 MW and all facilities and structures used therewith or related thereto, but excluding Common and External Facilities.
- 2.13 CRYSTAL RIVER UNIT 3: (CR-3) The nuclear steam electric generating unit, with a design turbine capability rating of 858.9 MW, together with land and all facilities, structures and Nuclear Fuel used or to be used therewith or related thereto, all as described generally in Appendix B attached hereto which may be revised from time to time, but excluding Common Facilities, External Facilities, and all transmission facilities connected to the CR-3 High Voltage Switchyard(s).
- 2.14 CR-3 PLANT SITE: The area on which CR-3 is located, as described in Appendix C attached hereto.
- 2.15 DATE OF COMMERCIAL OPERATION: The date on which the COMPANY determines CR-3 to be reliable as a source of Power; normally the midnight following successful completion of a 100-hour performance test.
- 2.16 EMERGENCY ACTION PLAN: A plan providing for the coordinated mobilization and control of action and communications by and between the COMPANY and any and all PARTICIPANTS, federal, state or local authorities and any public or private institutions in the event of an abnormal occurrence at the Plant Site when any protective action outside the Plant Site may be warranted.
- 2.17 ENERGY: Kilowatt-hours (kwh).
- 2.18 EXTERNAL FACILITIES: All improvements, facilities, and structures necessary for licensing, start-up, operation, maintenance, control, supply, or shut-down of CR-3, but which are not within the CR-3 Plant Site described in Appendix C, are not required or used by CR-1 or CR-2, and are not included in the Cost of Construction of CR-3. These facilities are more particularly described in Appendix H attached hereto and may be revised from time to time pursuant to the terms hereof.
- 2.19 FCG: Florida Electric Power Coordination Group.
- 2.20 FPC: Federal Power Commission. FPC shall never be used to identify "Florida Power Corporation".
- 2.21 FUEL EXPENSE: The Nuclear Fuel expensing includable in Account 518, of the Uniform System of Accounts.

- 2.22 GENERATION ENTITLEMENT SHARE: The percentage entitlement of COMPANY and each PARTICIPANT to the Net Energy from CR-3.
- 2.23 GENERATING CAPABILITY: The capability of CR-3 to produce power for sustained periods, under normal operating conditions existing from time to time. A summer and winter net capability rating shall be established for CR-3 under Southeastern Electric Reliability Council Guideline No. 2 for Uniform Generator Ratings for Reporting, or as amended. This Seasonal Net Capability is defined in 2.39.
- 2.24 INADVERTENT ENERGY: The interchange of energy for any system which is the actual net interchange minus the scheduled net interchange between that system and all other adjacent systems for any specified period of time. Methods of handling and accounting for inadvertent energy shall be in accordance with the FCG Operating Handbook.
- 2.25 MATERIALS AND SUPPLIES: Materials and supplies which are stocked for CR-3, as defined in Account 154.
- 2.26 NET ENERGY: The gross Energy generated over any period of time by CR-3, less the Energy allocated for CR-3 Station Service Requirements and appropriate transformer losses.
- 2.27 NUCLEAR FUEL: Any source, special nuclear or by-product material as defined in the Atomic Energy Act of 1954, as amended as of the date of this Agreement, including any ores, mined or unmined, or concentrates from which any such material can be obtained, and including conversion, enrichment, and fabrication of any fuel assemblies.
- 2.28 NUCLEAR FUEL AGREEMENT: Any agreement entered into by the COMPANY relating to the purchase, sale, lease, transfer, disposition, storage, transportation, mining, milling, conversion, enrichment, processing, fabrication and reprocessing of any Nuclear Fuel for use in, used in or removed from CR-3.
- 2.29 OPERATING COSTS: All expenses incurred by the COMPANY attributable to operating CR-3, as further described in Section 8.
- 2.30 OPERATING EMERGENCY: An unplanned event or circumstance which reduces or may reduce the availability of Power from or the generation of Energy by CR-3 and may require implementation of the Emergency Action Plan.
- 2.31 OPERATING INSURANCE: Policies of insurance to be procured and maintained or caused to be procured and maintained by the COMPANY in accordance with Section 11 hereof.
- 2.32 OPERATING WORK: Engineering, contract preparation, purchasing, repair, supervision, recruitment, training, expediting, inspection, accounting, testing, protection, operating, use management, retirement, reconstruction, and maintenance associated with operating CR-3, but excluding all work undertaken to make any Capital Improvements.

- 2.33 PARTICIPANT: Any party hereto, as set forth in Appendix A, excepting COMPANY, and any successor of such party.
- 2.34 PAYROLL TAXES: Taxes based on payroll.
- 2.35 PLANT SITE: The area encompassing the entire COMPANY property, at Closing, contiguous to CR-3--approximately 4800 acres.
- 2.36 POINT OF DELIVERY: The high voltage side of the generator step-up transformer bank at which the PARTICIPANTS accept delivery of their energy from CR-3.
- 2.37 POWER: Megawatts electric (MW or MWe).
- 2.38 PRIME RATE: The minimum commercial lending rate existing from time to time at Morgan Guaranty Trust Company of New York, or such successor as may be selected by the Administrative Committee.
- 2.39 SEASONAL NET CAPABILITY: The net power output from CR-3 which can be obtained for a period adequate to satisfy the daily load patterns of COMPANY under expected conditions of operation with equipment in an average state of maintenance. The capability shall be tested to demonstrate and verify that the seasonal ratings can be achieved, in accordance with the general guides in Section III of the Southeastern Electric Reliability Council Guideline No. 2 for Uniform Generator Ratings for Reporting, or as amended.
- 2.40 START-UP PERIOD: The period commencing with the date on which the first fuel assembly is inserted into the CR-3 reactor and terminating with the Date of Commercial Operation.
- 2.41 STATION SERVICE REQUIREMENTS: The Power and Energy required during any period for operation of all process and auxiliary equipment and systems used or useful in connection with the start-up, operation, shut-down, and maintenance of CR-3.
- 2.42 UNITS OF PROPERTY: Units of property as described in the Federal Power Commission's "List of Units of Property for Use in Connection with Uniform System of Accounts Prescribed for Public Utilities and Licensees" in effect as of the date of this Participation Agreement, and as such List may be amended from time to time.
- 2.43 UNIFORM SYSTEM OF ACCOUNTS: The Federal Power Commission's "Uniform System of Accounts Prescribed for Public Utilities and Licensees (Class A and Class B)", as adopted by the Florida Public Service Commission, and in effect as of the date of this Participation Agreement, or as such System of Accounts may be modified from time to time. References in this Participation Agreement to any specific Account Number shall mean the Account Number in effect as of the effective date of this Participation Agreement or any successor Account.

3. SALE

- 3.1 By a separate document of even date with this Agreement, COMPANY conveys to PARTICIPANTS an undivided 10% ownership interest as tenants in common in CR-3.
- 3.2 For reference purposes, and as a memorandum of understanding relating to the documents of conveyance prior to the actual execution, the following is the Agreement of COMPANY and PARTICIPANTS pertaining to the above described sale. CR-3 shall consist of:
- 3.2.1 The land rights described in Appendix C (such land rights, together with all such additional land or rights therein as may hereinafter be acquired for the purpose specified in 3.2.4 below, being hereinafter called the "Land");
- 3.2.2 CR-3, including the nuclear power reactor, the turbine-generator, the buildings housing the same, and the associated auxiliaries and equipment, all as more particularly described in Appendix B and the Application described in Section 1.2 of the foregoing recitals;
- 3.2.3 Materials, supplies, fuel, tools, and equipment, including spare parts for use in construction of CR-3; and
- 3.2.4 Such additional land rights therein as may be acquired and such additional facilities and other tangible property as may be acquired, constructed, installed or replaced in connection with CR-3, provided (1) that the cost of such additional land or rights therein or of such additional facilities or other tangible property shall be properly recordable in accordance with the Uniform System of Accounts, and (2) that such additional land rights therein or such additional facilities or other tangible property shall have been acquired, constructed, installed or replaced for the use of COMPANY and PARTICIPANTS under and subject to the provisions of this Agreement.
- 3.3 Sale of Assets. COMPANY will sell and convey to PARTICIPANTS, and PARTICIPANTS will purchase from COMPANY, an undivided ownership interest as a tenant in common in CR-3. PARTICIPANTS' interests will be determined by their Generation Entitlement Shares. Such conveyance will be by Warranty Deed and Bill of Sale, substantially in the form shown in Exhibit A attached hereto and made a part hereof. From time to time after the Closing, COMPANY and PARTICIPANTS shall execute such other instruments of conveyance and transfer as may be necessary or appropriate to vest in PARTICIPANTS such 10% undivided ownership interest in and to CR-3 as is intended in this Agreement.

- 3.4 Release of Mortgage. At Closing, COMPANY will furnish to each PARTICIPANT a properly executed Release from any and all mortgages and liens (excluding drainage rights and oil, gas, and mineral rights reserved to the State of Florida) on the undivided 10% interest in CR-3 being conveyed to PARTICIPANTS.
- 3.5 Pre-Closing. COMPANY and PARTICIPANTS met at the offices of COMPANY on July 15, 1975, at 10:00 A.M. for the purpose of reviewing documents and finalizing arrangements for the Closing on CR-3. At this meeting a final determination was made as to which PARTICIPANTS intend in good faith to appear and to what extent each PARTICIPANT would participate in the actual Closing on July 31, 1975.
- 3.5.1 The Closing will be conducted in accordance with the provisions of Section 5.

#### 4. PURCHASE and PAYMENT

- 4.1 The purchase price for PARTICIPANTS' 10% undivided interest in CR-3 acquired, constructed or completed prior to June 30, 1975 shall be an amount equal to 11% of the aggregate of all Cost of Construction of CR-3 incurred by the COMPANY up to the close of accounts as of June 30, 1975.
- 4.2 It is recognized that the COMPANY will have made payments of the accumulated Cost of Construction prior to June 30, 1975. In view of such fact, the Allowance for Funds Used During Construction (AFC) charged to CR-3 on the COMPANY'S books of record, shall be included as accumulated Cost of Construction. As of June 30, 1975, 11% of the aggregate of all Cost of Construction of CR-3 incurred by the COMPANY prior to such date, including AFC, is estimated to be \$38,493,050.
- 4.3 The purchase price for PARTICIPANTS' 10% undivided interest in CR-3 acquired, constructed or completed prior to June 30, 1975 shall be payable to the COMPANY as required in Section 9.6.3.
- 4.3.1 The COMPANY has furnished the PARTICIPANTS a statement showing the Cost of Construction attributable to CR-3 through May 31, 1975 with such sum broken down into major categories. The COMPANY has also furnished a certificate stating that the COMPANY keeps its records in conformity with the Uniform System of Accounts and that the above amount is as recorded on the books of record of the COMPANY, and is attributable to CR-3. Said statement and certificate are attached hereto as Exhibit C-1. A similar statement and certificate, covering Cost of Construction of CR-3 for the month of June 1975 was furnished to PARTICIPANTS by July 10, 1975. Such statement and certificate are attached hereto as Exhibit C-2. PARTICIPANTS will pay their shares of the cost at Closing in immediately available funds. The COMPANY will make its records of the Cost of Construction of CR-3 available to the PARTICIPANTS for audit purposes.
- 4.3.2 For purposes of this Agreement, Cost of Construction shall include the costs incurred by the COMPANY in CR-3, including: The costs incurred or contributed by the COMPANY for nuclear training; feasibility studies; site evaluation studies; site acquisition and cost of CR-3 Plant Site; preparation of invitation for bids, bid evaluations and contract negotiations for equipment, systems, Nuclear Fuel and services; for activities undertaken to secure permits, licenses, authorizations and approvals from any regulatory authority for CR-3; for construction equipment, materials, labor, and overheads; AFC (prior to June 30, 1975); and for Nuclear Fuel procurement, enrichment, fabrication and transportation. Cost of Construction shall not include any depreciation expense, other than for temporary construction facilities and construction equipment.

- 4.4 Subsequent to June 30, 1975, all Cost of Construction incurred by the COMPANY to complete construction of CR-3, excluding AFC, will be shared by the COMPANY and PARTICIPANTS in proportion to their respective Generation Entitlement Shares, and the estimate of these costs is attached as Exhibit C-3. These accumulated expenditures are properly recordable in appropriate accounts as set forth in the Uniform System of Accounts and in accordance with the Electric Plant Instructions thereof.
- 4.5 Capital Improvement costs subsequent to final completion of CR-3, excluding AFC, Common Facilities, and External Facilities, will be shared by the COMPANY and PARTICIPANTS in proportion to their respective Generation Entitlement Shares.
- 4.6 Payment for the expenditures contemplated in Section 4.4 and 4.5 will be payable as provided in Section 8.3.
- 4.6.1 A forecast of the payments required for Cost of Construction shall be furnished by the COMPANY to PARTICIPANTS by calendar quarters through completion of construction. If estimated costs change, revisions of the forecast will be made each quarter. The quarterly forecasts shall be further detailed to show estimated costs by months for the six months following the issuance thereof (i.e. on January 1, 1976 monthly estimates will be furnished covering January through June 1976; on April 1, 1976 monthly estimates will be furnished covering April through September 1976, etc.). Initial issuance shall be on or before Closing.
- 4.6.2 A forecast for Capital Improvements, Nuclear Fuel procurement and processing, Operating and Maintenance Costs, and charges for Common and External Facilities will be furnished by the COMPANY to meet PARTICIPANTS' budget requirements.
- 4.7 The COMPANY shall have sole authority, other than as provided in Section 20, in decisions regarding Units of Property retired from service, whether considered original construction or capital improvements. Cost of removal and salvage credits, if any, from retired or replaced Units of Property will be shared by the PARTICIPANTS in proportion to their respective Generation Entitlement Shares.

5. CLOSING

The closing of the sale and transfer provided for in Section 3 hereof (the Closing) will take place at 10:00 A.M. on July 31, 1975, at the offices of COMPANY.



6. REPRESENTATIONS and WARRANTIES

6.1 PARTICIPANTS individually for themselves hereby represent, warrant and covenant to the COMPANY as follows:

6.1.1 PARTICIPANT'S Organization. Each PARTICIPANT is an entity duly organized, validly existing and in good standing under Florida Statutes and other applicable laws of the State of Florida and has legal authority to carry on business as it is now being conducted and as it is contemplated to be conducted after the Closing. Each PARTICIPANT delivered to the COMPANY on or before July 15, 1975 a true and complete copy, if in existence, of their respective charter and by-laws as amended to date. Each warrants that they are financially able to assume the responsibilities contemplated by this Agreement.

6.1.2 Authority Relative to This Agreement. The execution, delivery and performance of this Agreement by the PARTICIPANTS have been duly and effectively authorized by all requisite corporate and/or other requisite action.

6.2 The COMPANY hereby represents and warrants to PARTICIPANTS as follows:

6.2.1 The COMPANY'S Organization. The COMPANY is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and has corporate power to carry on its business as it is now being conducted and as it is contemplated to be conducted after the Closing. The COMPANY delivered to each PARTICIPANT a true and complete copy of its charter and by-laws as amended to date. The COMPANY warrants it is financially able to assume the responsibilities contemplated by this Agreement.

6.2.2 Authority Relative to this Agreement. The execution, delivery and performance of this Agreement by the COMPANY have been duly and effectively authorized by all requisite corporate and/or other requisite action.

6.3 The COMPANY and PARTICIPANTS hereby covenant and agree as follows:

6.3.1 Responsibility for Completion of Construction. The COMPANY shall have sole responsibility, to be discharged in a prudent manner in accordance with good utility practices, for the planning, licensing, design, and construction and testing of CR-3. The COMPANY will use its reasonable best efforts to complete construction and place CR-3 in commercial operation in accordance with the plans, specifications, and schedules presently established and documented in Exhibit C-3, and fully to comply with all requirements of all applicable statutes and the rules and regulations of the Nuclear Regulatory Commission and such other regulatory agencies as shall

have competent jurisdiction over the planning, design, licensing, construction, operation, and maintenance of CR-3.

6.3.2 Provisions for Construction Completion. In the event of financial inability on the part of COMPANY to complete construction of CR-3, and/or all necessary Common and External Facilities, in accordance with reasonable construction schedules and this Agreement, such event shall not constitute "force majeure" hereunder. Only in such event, COMPANY shall, subject to applicable regulatory approval, permit PARTICIPANTS to invest additional funds in CR-3, in proportion to their Generation Entitlement Shares, sufficient to allow completion of the unit. In said event, the ownership interests and Generation Entitlement Shares of PARTICIPANTS and COMPANY shall be adjusted in accordance with Appendix I. In the further event that one or more PARTICIPANT(S) desire(s) to invest less than its (their) proportionate additional share, the other PARTICIPANT(S) may thereupon make a further investment, each in an amount thereof which shall be in proportion to the ratio which its (their) initial Generation Entitlement Share bears to the total initial Generation Entitlement Share of the PARTICIPANT(S) desiring to make such further investment, and then the Generation Entitlement Share of PARTICIPANT(S) shall be adjusted in accordance with Appendix I.

6.3.3 Agency. For the purposes and duration of this Agreement, PARTICIPANTS hereby irrevocably appoint the COMPANY their agent, and the COMPANY accepts such appointment, in connection with CR-3 to act on their behalf in the planning, design, licensing, construction, acquisition, completion, maintenance, and operation of CR-3 and authorize the COMPANY in the name and on behalf of PARTICIPANTS to take all reasonable actions which, in the discretion and judgment of the COMPANY, are deemed necessary or advisable to effect the acquisition, planning, design, licensing, construction, completion, maintenance, and operation of CR-3, including without limitation, the following:

6.3.3.1 The making of such agreements and modifications of existing agreements, other than this Agreement, and the taking of such other action as the COMPANY deems necessary or appropriate, in its sole discretion, or as may be required under the regulations or directives of the Nuclear Regulatory Commission or such other regulatory agencies having jurisdiction, with respect to the construction, acquisition and completion of CR-3 for commercial service, the procurement, replacement, modification or renewal of all or any part thereof, and if necessary, the retirement, disposal of and salvaging of any part thereof, whether before or after completion.

- 6.3.3.2 Except as provided in Section 9.3, and Section 9.4, the execution and filing with the Nuclear Regulatory Commission or such other regulatory agency having jurisdiction of applications, amendments, reports and other documents and filings in, or in connection with, licensing and other regulatory matters with respect to CR-3.
- 6.3.3.3 The receipt, on PARTICIPANTS' behalf, of any notice or other communication from the Nuclear Regulatory Commission or other regulatory agency having jurisdiction, as to any licensing or other regulatory matter, involving CR-3.
- 6.3.3.4 The COMPANY shall have no liability to PARTICIPANTS for any loss, damage or expense suffered by PARTICIPANTS or for any damage to PARTICIPANTS' interests in CR-3 or any portion of CR-3 arising out of or resulting from any action taken or failed to be taken by the COMPANY or any employee of the COMPANY pursuant to this Section 6.3, unless such loss, damage or expense results from (1) the willful misconduct of the COMPANY or any of its employees, or (2) the failure of the COMPANY or any of its employees to perform any obligation imposed pursuant to this Section 6.3, or (3) the failure of the COMPANY or any of its employees to plan, license, construct, acquire, complete, maintain, and operate CR-3 in a prudent manner in accordance with good utility practice.
- 6.3.3.5 In the event COMPANY, in performance of its duties within the scope of its agency, incurs any liability to any third party for which all the PARTICIPANTS and COMPANY are liable under this Section 6, any amount paid by the COMPANY on account of such liability shall be considered Cost of Construction or Operating Costs (as charged after June 30, 1975) and apportioned among the COMPANY and PARTICIPANTS pursuant to their Generation Entitlement Shares, taking into account any amounts paid directly to the third party by any PARTICIPANT(S) or the COMPANY.
- 6.4 Information. The COMPANY shall make all reasonable effort to regularly inform the PARTICIPANTS as to planning for and progress of construction, acquisition, completion, operation, and maintenance of CR-3. Additional information will be provided in accordance with Section 15.3 herein. Any PARTICIPANT(S) may request, and the COMPANY shall provide, additional information or reports concerning CR-3, or this Agreement, as reasonably required by such PARTICIPANT(S) herein. Any additional costs of furnishing such information or reports shall be paid by the requesting PARTICIPANT(S).

6.5 Warranty as to Condition of CR-3. The COMPANY'S warranty as to condition and fitness of purpose of CR-3 is set forth in Section 9.12.

## 7. OPERATING CONDITIONS

- 7.1 Authority for Operation and Management. The COMPANY shall have sole authority to manage, control, maintain, and operate CR-3, and shall take all steps which it deems necessary or appropriate for that purpose. For the purposes and duration of this Agreement, the PARTICIPANTS irrevocably appoint the COMPANY to act as their agent, and the COMPANY accepts such appointment, in all activities required for the operation and management of CR-3.
- 7.2 Scheduling and Dispatching. The COMPANY shall have sole authority for the hourly scheduling and dispatching of CR-3 generation, in accordance with COMPANY'S scheduling and dispatching practice. It is the intent of COMPANY to operate CR-3 as a base load unit, at the Seasonal Net Capability, whenever possible. However, operating conditions may require a reduction in output of CR-3 to meet changing system load. It is understood that such a reduction is a normal operating condition. In the event, and only in the event, the COMPANY voluntarily ceases to operate or reduces output from CR-3 for the reason that the cost of energy that could have been generated by CR-3 would have been more expensive to the COMPANY than energy available to the COMPANY from other sources; the COMPANY will make available to the PARTICIPANTS replacement power and energy in each hour, in addition to that from CR-3, equal to the amount thereof reasonably anticipated to have been available to the PARTICIPANTS from CR-3 at a cost which, when added to that of CR-3 under this Agreement, will equal the estimated cost that would have been incurred if CR-3 were continued in operation at the Seasonal Net Capability, giving due consideration to the historic capacity factor of CR-3. COMPANY shall make available replacement power and energy, in accordance with this Section, for a period of 31 years from the Date of Commercial Operation, or until such time as CR-3 is retired from COMPANY service, whichever is later.
- 7.3 Energy Entitlements. The COMPANY and the PARTICIPANTS shall be entitled to 90% and 10%, respectively, or as contractually amended, of the Net Energy output of CR-3 at the Point of Delivery Metering for this energy will be located at the low side of the step-up and station service transformer banks and appropriately adjusted for such transformer losses.
- 7.3.1 The determination of actual entitlements will be made monthly after the fact. Differences between actual KWH's received and KWH's entitlement will be carried as Inadvertent Energy with every attempt being made to correct monthly.
- 7.3.2 As promptly as practicable after the end of each month, the COMPANY will render to the PARTICIPANTS a statement setting forth appropriate data as may be needed for operating records or for settlements hereunder.
- 7.3.3 PARTICIPANTS' energy entitlement shall commence with the Date of Commercial Operation of CR-3.

7.4 Tests. The COMPANY shall maintain and perform annual meter tests of the KWH meters used to determine the net generation of CR-3. All PARTICIPANTS shall have witness rights to such tests. A requesting PARTICIPANT shall receive more frequent testing than outlined herein, however, it will be the financial responsibility of that PARTICIPANT to bear all costs associated with such additional tests, unless such tests prove the accuracy of the meters to be outside the standard limits set by the Florida Public Service Commission.

7.5 Operations Management. The COMPANY, as sole manager of CR-3, shall take all steps which it deems necessary or appropriate for the operation of CR-3 in a manner consistent with Appendix F attached hereto and prudent practices in the electric utility industry. The COMPANY shall:

7.5.1 Execute, administer, perform and enforce contracts acting as principal on its own behalf and as agent for all of the other PARTICIPANTS, for Operating Work, including, without limitation, any and all warranties on equipment, facilities, materials and services furnished pursuant to any such contracts;

7.5.2 Administer, perform and enforce any existing Nuclear Fuel Agreements and negotiate, execute, administer, perform and enforce all other Nuclear Fuel Agreements;

7.5.3 Administer, perform and enforce all other contractual obligations and arrangements, including all warranties applicable thereto entered prior to the date hereof;

7.5.4 Furnish or recruit the necessary personnel and provide for such training as may be required to qualify them to perform the Operating Work and to meet all licensing requirements established by law;

7.5.5 Comply with (1) any and all laws applicable to the performance of Operating Work and Capital Improvements for CR-3, including without limitation, all applicable laws, rules and regulations for protection of the environment and all applicable provisions of any Workmen's Compensation laws, and (2) the terms and conditions of any contract, permit or license relating to CR-3;

7.5.6 Purchase and procure, through and from any source it may select, in the name of the PARTICIPANTS with undivided interests as tenants in common in accordance with their Generation Entitlement Shares, the equipment, apparatus, machinery, tools, services, materials and supplies and emergency spare parts necessary for the performance of Operating Work and the addition of Capital Improvements;

7.5.7 Expend funds in accordance with the terms and conditions of this Participation Agreement;

- 7.5.8 In accordance with Operating Expense Instructions and in appropriate accounts as set forth in the Uniform System of Accounts, keep and maintain such records of monies received and expended, obligations incurred, credits accrued, the conduct of Operating Work, making of Capital Improvements, and of contracts entered into in the performance of Operating Work as may be necessary or useful in carrying out this Agreement or required to permit an audit of the Operating Work and Capital Improvements, relating to CR-3, and make such records available for inspection;
- 7.5.9 Not permit any liens to remain in effect unsatisfied against CR-3, other than the liens permitted under this Agreement, liens for taxes and assessments not yet delinquent, liens for labor and material not yet perfected, or undetermined charges or liens incidental to the performance of the Operating Work;
- 7.5.10 Arrange for the placement and maintenance of Operating Insurance;
- 7.5.11 Assist any insurer in the investigation, adjustment and settlement of any loss or claim covered by Operating Insurance;
- 7.5.12 Present and prosecute claims against insurers and indemnitors providing Operating Insurance or indemnities in respect of any loss of or damage to any property of CR-3 or liability of any PARTICIPANT to third parties covered by any indemnity agreement, and to the extent that such loss, damage or liability is not covered by Operating Insurance or by any indemnity agreement; present and prosecute claims therefor against any parties who may be liable therefor;
- 7.5.13 Investigate, adjust, defend and settle claims by third parties against any or all PARTICIPANTS and COMPANY, arising out of or attributable to Operating Work or Capital Improvements, or the past or future performance or non-performance of the obligations and duties of any PARTICIPANT or COMPANY, under or pursuant to this Participation Agreement, including but not limited to any claim resulting from death or injury to persons or damage to property, when said claims are not covered by valid and collectible Operating Insurance carried by COMPANY or any PARTICIPANT; and whenever and to the extent reasonable, present and prosecute claims against any third party, including insurers, for any costs, losses and damages incurred in connection with said claims;
- 7.5.14 Provide notice to the Administrative Committee before any said claim or combination of said claims against COMPANY and any or all PARTICIPANTS arising out of the same transaction or incident is settled. The Administra-

tive Committee shall have the right to review such proposed settlement before final action by the COMPANY and may provide comments and recommendations which the COMPANY will consider prior to final settlement.

7.5.15 Keep the PARTICIPANTS advised of major changes in conditions or other material developments affecting the performance of Operating Work and any known default of this Agreement;

7.5.16 Submit to the PARTICIPANTS any recommendations for amendments of this Agreement;

7.5.17 In the event of an operating curtailment or emergency, take such action as the COMPANY, in its sole discretion, may deem prudent or necessary to terminate the operating curtailment or emergency, so as (1) to preserve and maintain the safety, integrity and operability of CR-3, (2) to protect the health and safety of the public, or (3) to minimize any adverse environmental effects and such other action as required by Appendix E attached hereto.

7.6 Mutual Assistance. The PARTICIPANTS shall lend and be properly reimbursed for all necessary and available assistance as may be requested by the COMPANY in the performance of Operating Work and shall advise COMPANY and the other PARTICIPANTS immediately of any incident or litigation affecting its further participation in this Agreement.



## 8. OPERATING COSTS

- 8.1 For the purposes of this Agreement, Operating Costs shall mean all expenses incurred by the COMPANY attributable to CR-3 and properly recordable in accordance with the Operating Expense Instructions and in appropriate accounts as set forth in the Uniform System of Accounts. These costs will include production expenses (including joint fuel lease payments, if any, and amortization of Nuclear Fuel investment as provided in the Uniform System of Accounts, excluding AFC accumulated after June 30, 1975) production supervision, insurance and liability payments, employee benefits (including payroll taxes) and allocations of all expenses classified as Administrative and General (A and G) expenses. Methods of allocating COMPANY expenses to CR-3 are shown in Exhibit B attached hereto. Except as provided in Section 8.2, the sum of these expenses attributable to CR-3 will be shared by the COMPANY and the PARTICIPANTS in proportion to their Generation Entitlement Shares.
- 8.2 Extraordinary costs incurred by the COMPANY resulting solely from the complexity of administering this Participation Agreement, which would not otherwise be incurred but for the existence of this Agreement involving the large number of PARTICIPANTS, will be distributed equally among and between all parties to this Agreement, including the COMPANY, up to an annual maximum of 4½% of the PARTICIPANTS' share of CR-3 annual operating costs, excluding Nuclear Fuel. Any such extraordinary costs above this annual maximum will be shared by the COMPANY and the PARTICIPANTS in proportion to their Generation Entitlement Shares. All costs billed under this Section 8.2 will be itemized and identified by COMPANY. If, however, the costs are incurred at the specific request of, or for the benefit of, one or more PARTICIPANT(S), such costs will be charged to the PARTICIPANT(S) causing the expense, without regard to the 4½% limitation above.
- 8.3 Payment of the above extraordinary costs and also payment for Construction Costs, Operating and Maintenance Costs (excluding amortization of Nuclear Fuel investment or other advance payments by PARTICIPANTS) Capital Improvements, Nuclear Fuel, and charges for Common and/or External Facilities will be as follows:
- 8.3.1 On the 15th of each month the COMPANY will furnish each PARTICIPANT an invoice showing the current estimate of Operating Costs and other cash payments required for the following month (Cost Month).
- 8.3.2 These cash payments will be paid by PARTICIPANTS so that the COMPANY will receive the funds by the 10th of the Cost Month or the first working day thereafter.
- 8.3.3 Estimates for Nuclear Fuel payments, whether for purchase, lease or other cost, will be given as soon as the COMPANY substantiates the payment amount and at least 25 days prior to payment date. The invoices for Nuclear Fuel

payments will show the date on which the COMPANY is required to make payment and the PARTICIPANTS will make payments so that the COMPANY will receive the funds at least three working days before the payment must be made by the COMPANY.

- 8.3.4 Adjustments for the difference between cash payments and actual charges will be made on the next invoice following the close of the Cost Month.
- 8.3.5 The first invoice for the Cost Months of July and August, 1975 will be given by July 15, 1975 and payments for these two months will be payable by August 11, 1975 after which the schedule shown in Sections 8.3.1 and 8.3.2 will become effective.
- 8.4 All payments shall be made payable to FLORIDA POWER CORPORATION, ATTENTION: CONTROLLER, P. O. BOX 14042, St. Petersburg, Florida 33733.
- 8.5 In the event that material and/or continuous over-payments occur, the Administrative Committee shall determine how correction should be made.
- 8.6 Any payment not made on or before the due dates set forth in Sections 8.3.2, 8.3.3, and 8.3.5 shall constitute an act of default under Section 17 herein.

9. GENERAL CONDITIONS

- 9.1 Cooperation. The COMPANY and PARTICIPANTS will cooperate with each other in all activities relating to CR-3, including, without limitation, the filing of applications for authorizations, permits or licenses and the execution of such other documents as may be reasonably necessary to carry out the provisions of this Agreement. Without the COMPANY'S written consent, PARTICIPANTS shall not incur any obligation which would or could obligate the COMPANY to any third party.
- 9.2 Alienation and Assignment. During the existence of this contract, neither the COMPANY nor PARTICIPANTS shall have the right to sell, lease, convey, transfer, assign or alienate in any manner whatsoever its ownership interest, or any portion or portions thereof, in CR-3, without first offering, subject to all requisite regulatory approval, such sale, lease or other conveyance to the COMPANY and PARTICIPANTS upon the same terms and conditions as the proposed sale, lease or conveyance to a third party, which offer shall be made in the form of a proposed contract and shall be open for acceptance by the COMPANY and PARTICIPANTS for a period of 100 days. In the event such offer is accepted, the affected PARTICIPANT(S) and/or COMPANY shall proceed to a closing pursuant to the terms of the aforesaid contract in an expeditious manner. In the further event that one or more of such PARTICIPANTS or COMPANY desire to invest less than its proportionate share based on the initial Generation Entitlement Share, the other PARTICIPANT(S) and/or COMPANY may thereupon make an additional investment, each in an amount thereof which shall be in proportion to the ratio which its initial Generation Entitlement Share shall bear to the total initial Generation Entitlement Shares of the PARTICIPANT(S) and/or COMPANY desiring to make such additional investment; or, such other amount as they shall agree upon among themselves. In this event, the ownership interests and Generation Entitlement Shares of PARTICIPANTS and the COMPANY shall be adjusted in accordance with Appendix I. In the event such offer is not accepted by the COMPANY and/or PARTICIPANTS within the aforesaid 100-day period and the offering party does not consummate a sale, lease or other conveyance of such interest within a period of one year after the date of its offer to the COMPANY and PARTICIPANTS, no such sale, lease or other conveyance may be consummated without re-offering the sale, lease or conveyance to the COMPANY and PARTICIPANTS. In no event shall the offering party sell, lease or convey such interest to any third party on more favorable terms than those set forth in the aforesaid contract.
- 9.2.1 Notwithstanding the foregoing, the COMPANY and/or PARTICIPANTS shall have the right, without first offering to the other PARTICIPANTS or COMPANY, to sell all or any portion of their entitlement to energy or capacity to any electric utility (herein defined as any person, corporation, partnership, municipal electric utility, rural electric cooperative, or other legal entity, now or hereafter organized to own, operate, manage, or control any plant or other facility supplying electricity to and

for the public) and to direct the delivery of such energy to any point on the COMPANY'S transmission system, if technically feasible and under the appropriate transmission service rate schedule.

9.2.2 Notwithstanding the foregoing, the COMPANY and PARTICIPANTS shall each have the right to convey a security interest in their proportionate interest in CR-3 to secure bonds or other obligations issued or to be issued by COMPANY, PARTICIPANTS, or other public body, without the consent of COMPANY or any other PARTICIPANTS. The COMPANY and PARTICIPANTS shall notify the other in writing as soon as possible after it learns that any lien or security interest (which lien or security interest in the case of the COMPANY only is in respect of an obligation or liability in excess of \$50,000) has been or will be imposed upon its ownership interest in CR-3 or has reason to believe that such a lien or security interest will be imposed.

9.2.3 In the event of any sale, conveyance, transfer, assignment, or alienation (other than solely as security for an indebtedness) by the COMPANY or PARTICIPANTS of its ownership interest pursuant to Section 9.2, or any portion or portions thereof, in CR-3 the COMPANY or PARTICIPANTS, as the case may be, shall cause such transferee to become a party to this Agreement and assume the obligations of the transferor hereunder.

9.2.4 Any PARTICIPANT(S) and/or COMPANY shall have the right, notwithstanding the provisions of Section 9.2 above, to assign, sell, lease, transfer or convey their ownership interest(s) in CR-3 to a body created pursuant to the Joint Power Act (HB-1329-1975 Fla. Legislature), which may jointly represent and/or act on behalf of some or all PARTICIPANT(S) and/or COMPANY for any or all lawful purposes in connection with this Agreement only, including the financing of the cost of such ownership interests; providing however, that (a) membership in such body is permanently limited to PARTICIPANTS and COMPANY with then-existing ownership interests in CR-3, (b) this provision shall not be construed to permit any PARTICIPANT(S) and/or COMPANY to transfer ownership interests among themselves; except as provided in Section 9.2 above, (c) such body must obtain necessary approvals by all regulatory agencies including the Nuclear Regulatory Commission, and (d) all PARTICIPANTS and COMPANY will remain secondarily liable for the performance of their duties and responsibilities under this Agreement and they must guarantee the performance of all obligations assumed by any such body.

9.3 Approvals. The COMPANY and PARTICIPANTS shall use their best efforts to obtain as quickly as possible all requisite governmental and regulatory approvals of the consummation of the transactions contemplated hereby.

- 9.4 Licensee. If required, PARTICIPANTS, at their own expense and with informational assistance provided by the COMPANY, will seek to and become a licensee of the Nuclear Regulatory Commission or such other regulatory agencies having jurisdiction over the licensing of CR-3. Should any PARTICIPANT(S) fail to obtain the necessary approval or license as may be required by NRC or other regulatory agency prior to Date of Commercial Operation, such PARTICIPANT(S) payments shall be refunded in full; and its Generation Entitlement Share, ownership interests, and all further obligations under this Agreement shall revert to COMPANY.
- 9.5 Access. Official representatives of each PARTICIPANT and its designees shall have the right to go upon and into the CR-3 Plant Site subject to the rules and regulations of governmental regulatory bodies having jurisdiction thereof, insurance or industrial security requirements, and with sufficient advance notice to insure efficient and safe construction and operation of CR-3.
- 9.6 Conditions Precedent to the COMPANY'S Obligations Hereunder. All obligations of the COMPANY under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions (or the waiver in writing of such conditions by the COMPANY);
- 9.6.1 The COMPANY shall not have discovered any material error, misstatement or omission in the representations and warranties made by PARTICIPANTS in this Agreement.
- 9.6.2 PARTICIPANTS representations and warranties contained in this Agreement shall be deemed to have been made again at and as of the time of Closing and shall then be true in all material respects; PARTICIPANTS shall have performed and complied with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing; the COMPANY shall have been furnished with a certificate signed by the Principal Officer of each PARTICIPANT, dated the date of the Closing, certifying in such detail as the COMPANY may request to the fulfillment of the foregoing conditions.
- 9.6.3 The purchase money required of each PARTICIPANT shall be on hand in the form of a cashier's check payable to Florida Power Corporation at the Closing.
- 9.7 Conditions Precedent to PARTICIPANT'S Obligations Hereunder. All obligations of PARTICIPANTS under this Agreement, excluding any NRC licensing condition in Section 9.4 above, are subject to the fulfillment, prior to or at Closing, of each of the following conditions (or the waiver in writing of such conditions by PARTICIPANTS):
- 9.7.1 PARTICIPANTS shall not have discovered any material error, misstatement or omission in the representations and warranties made by the COMPANY in this Agreement.

9.7.2 The COMPANY representations and warranties contained in this Agreement shall be deemed to have been made again at and as of the time of the Closing and shall then be true in all material respects; the COMPANY shall have performed and complied with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing and PARTICIPANTS shall have been furnished with a certificate of the President or a Vice President of the COMPANY, dated the date of the Closing, certifying in such detail as PARTICIPANTS may request to the fulfillment of the foregoing conditions.

9.8 Conditions Precedent to the Respective Obligations of the COMPANY and PARTICIPANTS. The respective obligations of the COMPANY and PARTICIPANTS hereunder are, unless waived in writing by the COMPANY and PARTICIPANTS prior to or at the Closing, subject to the further conditions that:

9.8.1 All requisite governmental and regulatory approvals of the execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby between the COMPANY and PARTICIPANTS, and the release by Morgan Guaranty Trust Company of New York as Trustee under the COMPANY'S First Mortgage Bond Indenture dated January 1, 1944, of the interest in CR-3 to be conveyed to PARTICIPANTS hereunder from the lien of such Indenture, shall have been received, including other approvals on the part of any PARTICIPANTS which approvals may not be waived.

9.9 Amendments. This Agreement may be amended by and only by a written instrument duly executed by each of the parties hereto.

9.10 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the COMPANY and PARTICIPANTS and their respective successors. This Agreement shall inure to the benefit of and be binding upon the assigns of COMPANY and PARTICIPANTS when such assignment is made in accordance with the provisions of Section 9.2 above.

9.11 Binding Obligations. All of the respective covenants and obligations of: (1) each PARTICIPANT and COMPANY; (2) all mortgagees, trustees and secured parties under all present and future mortgages, indentures and deeds of trust, and security agreements which are or may become a lien upon any of the interests of COMPANY or PARTICIPANTS in CR-3; provided, however, that such covenants and obligations shall become binding upon such parties only at the time of taking possession; (3) all receivers, assignees for the benefit of creditors, bankruptcy trustees and referees of COMPANY or PARTICIPANTS; and (4) all other persons, firms, partnerships or corporations claiming through or under any of the foregoing; shall be covenants and obligations running with COMPANY and PARTICIPANTS

respective rights, titles and interests in CR-3 and in, to and under this Agreement, and shall be for the benefit of the respective rights, titles and interests of the COMPANY or PARTICIPANTS and their respective successors and assigns, in and to CR-3. It is the specific intention of this provision that all such covenants and obligations shall be binding upon any party which acquires any of the rights, titles and interests of any PARTICIPANT or COMPANY in CR-3 or in, to and under this Agreement and that all of the above-described persons and groups shall be obligated to use COMPANY or PARTICIPANTS rights, titles and interests in CR-3 and/or in, to or under this Agreement for the purpose of discharging its covenants and obligations under this Agreement.

- 9.12 "AS IS" SALE. CR-3 is to be sold "as is" and "where is". The COMPANY represents that it has used due diligence in supervision, design, and construction, and that it is aware of no defect that would render CR-3 unfit or unsuitable for the use intended. The COMPANY represents that it will use due diligence to complete construction in such manner as to permit CR-3 to operate in a reasonably efficient manner in accordance with all applicable laws and regulations. The COMPANY represents that it has no undisclosed knowledge of litigation, actual or potential, or other controversies which may effect the rights or obligations of PARTICIPANTS. The COMPANY does not represent that the use or operation of CR-3 will not violate patent, trademark, or service-mark rights of any third parties, but has no knowledge of any such violation. Notwithstanding the foregoing, PARTICIPANTS shall have the benefit, in proportion to their Generation Entitlement Shares in CR-3, of all manufacturers' and vendors' warranties and all patent, trademark, and service-mark rights running to the COMPANY in connection with CR-3. THE COMPANY MAKES NO WARRANTY OF ANY KIND WHATEVER, EXPRESS OR IMPLIED, OTHER THAN THOSE STATED HEREIN; AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WHICH EXCEED THE AFORESTATED OBLIGATION ARE HEREBY DISCLAIMED BY COMPANY AND EXCLUDED FROM THIS AGREEMENT.

9.13 DESTRUCTION

- 9.13.1 If CR-3 or any portion thereof should be damaged or destroyed to the extent that the cost of repairs or reconstruction is estimated to be covered by the aggregate amount of insurance coverage carried pursuant to Section 11 hereof, and covering the cost of such repairs or reconstruction, then the COMPANY shall cause such repairs or reconstruction to be made so that CR-3 shall be restored to substantially the same general condition, character or use as existed prior to such damage or destruction, unless the Administrative Committee shall determine and agree otherwise.
- 9.13.2 If CR-3 or any portion thereof should be damaged or destroyed to the extent that the cost of repairs or reconstruction is estimated to be more than the aggregate amount of insurance coverage carried and covering the cost of such repairs or reconstruction,

then upon agreement of the COMPANY and all PARTICIPANTS, the COMPANY shall cause such repairs or reconstruction to be made and the COMPANY and PARTICIPANTS shall share the costs of such repairs or reconstruction in proportion to their Generation Entitlement Shares; provided, however, that should all of the PARTICIPANTS not agree to restore or reconstruct the damaged portion of CR-3, but the COMPANY and some of the PARTICIPANTS nevertheless desire to do so, then the ownership interests in CR-3 of any PARTICIPANT who does not agree to restore or reconstruct shall revert to the COMPANY, as provided in the Warranty Deed and Bill of Sale, for a price equal in amount to said PARTICIPANT'S Generation Entitlement Share of the salvage value thereof and the Participation Agreement shall be deemed to have expired as to said PARTICIPANT. Any ownership interests reverting to COMPANY pursuant to this Section 9.13.2 shall be offered for sale by the COMPANY to the remaining PARTICIPANTS, in proportion to their Generation Entitlement Shares, or as otherwise agreed upon, and at a price which will reasonably reimburse the COMPANY for having acquired such ownership interests. For this purpose, salvage value shall include insurance proceeds. The COMPANY and those PARTICIPANTS agreeing to repair or reconstruct CR-3 shall share the costs of repair or reconstruction in the proportion of their adjusted Generation Entitlement Shares.

9.14 FORCE MAJEURE. The COMPANY and PARTICIPANTS shall not be liable or responsible for any delay in the performance or, the inability to perform, any duty or obligation required by this Agreement in the event of a force majeure occurrence. The obligation to pay money in a timely manner is absolute and shall not be subject to the force majeure provisions. Force majeure as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders, or absence of necessary orders and permits of any kind which have been properly applied for, from the government of the United States, or from the State of Florida, or any of their departments, agencies or officials, or from any civil or military authority pertaining to CR-3; insurrections; riots; extraordinary delay in transportation; unforeseen soil conditions; equipment, material, supplies, labor, or machinery shortages; epidemics; landslides; lightning; earthquakes; fire; hurricanes; tornadoes; storms; floods; washouts; drought; arrest; war; civil disturbances; explosions; breakage or accident to machinery, transmission lines, pipes or canals; partial or entire failure of utilities; breach of contract by any supplier, contractor, subcontractor, laborer or materialman, other than COMPANY; sabotage; injunction; blight; famine; blockage; quarantine; or any other similar cause or event not reasonably within the control of the COMPANY. The COMPANY and/or the PARTICIPANT(S) suffering an occurrence of



force majeure shall remedy with all reasonable dispatch the cause or causes preventing the COMPANY and/or the PARTICIPANT(S) from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the COMPANY or the PARTICIPANT, and it shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is unfavorable, in the judgment of the COMPANY or the PARTICIPANT suffering the labor dispute or other industrial disturbance.

- 9.15 FUTURE POOLING. In the event the COMPANY and PARTICIPANTS become members of a pool whereby PARTICIPANTS do not receive capacity credit for their Generation Entitlement Shares in CR-3 under the requirements of the pool, COMPANY agrees to negotiate with PARTICIPANTS in good faith, through the Administrative Committee, in an effort to meet the requirements of the pool so that PARTICIPANTS will receive capacity credit for their ownership in CR-3.

10. TAXES

- 10.1 The COMPANY, acting as agent for the PARTICIPANTS, shall have sole responsibility for negotiating the valuation of any assessments on CR-3 for taxation purposes.
- 10.2 It shall be the responsibility of each PARTICIPANT to obtain such exemptions from taxation to which it may be entitled.
- 10.3 The COMPANY, acting as agent for the PARTICIPANTS, shall use its best efforts to have the levy of any taxes or payments in lieu thereof, (except Payroll and Sales and Use Taxes), made directly against the ownership or Generation Entitlement Shares of the COMPANY and of each PARTICIPANT, or in such other manner as will allow each PARTICIPANT to perfect any exemption to which it may be entitled.
- 10.4 If any property taxes, or payments in lieu thereof, or any other taxes or assessments related to CR-3 are levied in a manner other than specified in Section 10.3 above, such taxes or payments in lieu thereof shall be apportioned among the COMPANY and PARTICIPANTS in accordance with their taxes and taxable ownership or taxable Generation Entitlement Shares. COMPANY shall bill such apportioned taxes or assessments to PARTICIPANTS in time for PARTICIPANTS to take available tax discounts. If PARTICIPANTS then make tax payments to the COMPANY in time for discounted rates and COMPANY does not take available tax discounts, PARTICIPANTS shall not be charged for the increased tax costs. Sales and Use Taxes shall be charged as part of the cost of the materials or services.
- 10.5 Neither COMPANY nor PARTICIPANT shall cause or allow the institution of any foreclosure or similar action for non-payment of taxes or payments in lieu thereof under Section 10.3 and 10.4 above. Should COMPANY or PARTICIPANTS breach the foregoing obligation, all non-breaching parties hereto shall make such payments as are required to avoid foreclosure or similar action and shall be entitled to reimbursement for such payment, with interest, and any other costs associated therewith, in accordance with the provisions of Section 17.
- 10.6 Responsibility for payment of nineteen hundred seventy-five ad valorem taxes shall be pro-rated between the COMPANY and PARTICIPANTS at the Closing based upon their Generation Entitlement Shares in CR-3. PARTICIPANTS shall be responsible for all sales and transfer taxes and recording fees incurred in connection with the conveyance to PARTICIPANTS of an undivided interest in CR-3 pursuant to this Agreement.

## 11. INSURANCE

The COMPANY shall maintain in force, for the benefit of the COMPANY and the PARTICIPANTS as their interests shall appear, as Cost of Construction or Operating Costs as appropriate, such available insurance as is usually carried by utilities constructing and operating nuclear generating facilities, but not less than will satisfy the requirements of the Atomic Energy Act of 1954, as amended, and the regulations thereunder, and conform to prudent utility practice.

- 11.1 Each PARTICIPANT shall be named insured on such insurance policy. The COMPANY shall furnish each PARTICIPANT with a Certificate of Insurance of each such insurance policy. Each of such policies shall be endorsed so as to provide that each PARTICIPANT shall be given the same advance notice of cancellation or material change as is required to be given to the COMPANY. The COMPANY shall keep each PARTICIPANT informed as to the status of insurance in force and if it does so, the COMPANY shall not be liable for any failure to insure or inadequacy of coverage.
- 11.2 Any PARTICIPANT may request additional insurance to the extent available, and if the COMPANY and PARTICIPANT(S) agree, the COMPANY shall purchase such requested insurance as Cost of Construction or Operating Costs as appropriate. If the PARTICIPANT(S) and COMPANY do not so agree, any PARTICIPANT requesting such insurance may purchase it at its own expense, or may request the COMPANY to purchase such insurance at the expense of the requesting PARTICIPANT. The proceeds from such requested insurance shall be disbursed to the PARTICIPANT(S) at whose expense the insurance was purchased.
- 11.3 In the event that the COMPANY or any PARTICIPANT is held liable and pays more than its proportionate share of a damage claim, the COMPANY or such PARTICIPANT shall be entitled to reimbursement(s) from COMPANY or PARTICIPANTS who have not paid their proportionate share of the claim.

## 12. NUCLEAR FUEL

Nuclear Fuel will be acquired, managed, and paid for in accordance with the following general principles:

- 12.1 The COMPANY shall have the right to enter into any arrangement, on its own behalf and on behalf of PARTICIPANTS, for the purchase or financing of Nuclear Fuel for CR-3, including without limitation, the leasing thereof which the COMPANY, at its sole discretion, shall deem desirable and PARTICIPANTS agree to cooperate with the COMPANY to take all action required to consummate such arrangements.
- 12.2 The COMPANY shall have final authority and responsibility to manage all CR-3 Nuclear Fuel according to its discretion and judgement.
- 12.3 Nuclear Fuel may be leased, purchased in a form ready for use, or purchased as ore, processed, and fabricated for use by the COMPANY. Accounting for Nuclear Fuel will be handled in accordance with the Uniform System of Accounts. All payments by PARTICIPANTS will be in proportion to their Generation Entitlement Shares.
  - 12.3.1 When Nuclear Fuel is purchased as raw materials to be processed or as finished fuel assemblies, payment for such fuel will be paid to the COMPANY by the PARTICIPANTS in accordance with Section 8.3.
  - 12.3.2 Investment in Nuclear Fuel, when purchased as ore and processed and fabricated, will be made considerably in advance of its use. Some elements affecting Fuel Expense (i.e. reprocessing costs and salvage credits) may not be known until several years after the related Nuclear Fuel is used.
  - 12.3.3 When Nuclear Fuel is leased and payments are to be made to the Lessor, the COMPANY will make such payments to the Lessor and receive from the PARTICIPANTS payment in proportion to their Generation Entitlement Shares. The payments required by PARTICIPANTS will be paid to the COMPANY in the manner prescribed for Operating Costs in Section 8.3.
- 12.4 PARTICIPANTS have the right to mortgage, pledge, or encumber their investment in Nuclear Fuel.
- 12.5 Nuclear Fuel sold to the PARTICIPANTS at Closing will be as provided in Section 4. Subsequent to June 30, 1975, all costs, including Nuclear Fuel management but excluding AFC as relating to Nuclear Fuel, will be shared by the COMPANY and the PARTICIPANTS in proportion to their Generation Entitlement Shares.
- 12.6 The COMPANY will provide with its forecast, as described in Sections 4.6 and 8.3, a forecast of Nuclear Fuel payments.

13. NONPARTITIONMENT

Each PARTICIPANT and COMPANY hereby waives any rights which it may have to partition any component of CR-3, whether by partitionment in kind or by sale and division of the proceeds, and further agrees that it will not resort to any action in law or in equity to partition such component, and it waives the benefits of all laws that may now or hereafter authorize such partition for a term (i) which shall be coterminous with this Agreement, or (ii) which shall be for such lesser period as may be required under applicable law.

14. NONDEDICATION OF FACILITIES

Nothing in this Participation Agreement shall be construed as constituting or permitting a dedication by COMPANY or any PARTICIPANT of their interests in the CR-3 Plant Site and the equipment and facilities of CR-3 contained therein, or any part thereof, to any other PARTICIPANT, the public or the customers of any PARTICIPANT or COMPANY.

## 15. ADMINISTRATION

As a means of securing effective cooperation and interchange of information and of providing consultation on a prompt and orderly basis among the PARTICIPANTS and the COMPANY in connection with various administrative and technical matters which may arise from time to time in connection with the terms and conditions of this Agreement, an Administrative Committee is established which shall have the functions and responsibilities and be constituted as described herein.

- 15.1 Membership. The Administrative Committee shall have as its Chairman an appointee representing the COMPANY, who shall be responsible for calling meetings and establishing agendas. Each PARTICIPANT may, at its option, have an individually appointed member or may delegate a member to represent two or more PARTICIPANTS.
- 15.2 Meetings. The Administrative Committee shall meet annually on a date and at a location announced by the Chairman at least three months in advance. Special meetings may be called, as reasonably required, by the Chairman with as much advance notice to each PARTICIPANT, by telephone or in writing, as is practical. The Chairman shall call such special meetings on behalf of COMPANY, or on behalf of PARTICIPANTS when requested in writing by PARTICIPANTS representing 2/3 of the PARTICIPANTS' Generation Entitlement Shares. An agenda shall be provided at each meeting, in advance if practical, including items provided by COMPANY and/or PARTICIPANT(S).
- 15.3 Functions. The Administrative Committee shall have the following functions, among others:
- 15.3.1 Provide liaison among all PARTICIPANTS and the COMPANY at the management level. In this effort, the Chairman shall keep the Administrative Committee informed of all significant matters with respect to licensing, design, acquisition, construction, operation, and maintenance of CR-3 and, when practicable, shall furnish such information in time for each member to submit comments and recommendations thereon before decisions are made. The Chairman shall give due consideration to comments and recommendations made by each member.
  - 15.3.2 Appoint Ad Hoc Committees as necessary to perform detailed work and conduct studies regarding matters requiring investigation.
  - 15.3.3 Review and discuss disputes arising under this Agreement.
  - 15.3.4 Provide liaison among all PARTICIPANTS and the COMPANY with respect to the financial and accounting aspects of progress, performance and completion of construction and operation of CR-3. These shall include such items as: capital improvements, annual capital expendi-

tures budget, annual manpower budget, annual operation and maintenance budget, planned outages, written statistical and administrative reports. Copies of items shall be provided. The Committee shall be advised of the information and records kept by the COMPANY pursuant to this Agreement, and the form(s) in which they are kept, excluding the form of accounting records used internally by the COMPANY for the purpose of accumulating financial and statistical data, such as books of original entry, ledgers, work papers and source documents.

- 15.3.5 Coordinate audit requests by PARTICIPANTS and the selection of an auditor to review the books or records of the COMPANY, relevant to CR-3, as may be needed by PARTICIPANTS. It is recognized that the COMPANY is constantly audited by representatives of various governmental and regulatory agencies as well as independent auditors who certify to the correctness of the COMPANY'S accounting records; therefore, any requests for special audits for the benefit of PARTICIPANTS shall be paid for by those requesting such audits.
  - 15.3.6 Review and comment on notice by COMPANY of intent to settle claims as set forth in Sections 7.5.13 and 7.5.14.
  - 15.3.7 Determine and agree on adjustments, if required, to invoice procedures in accordance with Section 8.5.
  - 15.3.8 Review and determine possible action as set forth under the Destruction Section 9.13.1 and Appendix E.3.
  - 15.3.9 Review possible adjustments of charges for Common and External Facilities per Section 16.3.
  - 15.3.10 Upon notification by COMPANY of intent to retire CR-3, review and determine the details of the ultimate disposition of CR-3, as set forth in Section 20.3.
  - 15.3.11 Perform such other functions and duties as may be assigned to it in this Agreement.
- 15.4 The Administrative Committee shall keep written records of all meetings.
  - 15.5 Within thirty (30) days after the execution of this Participation Agreement, the COMPANY and each PARTICIPANT shall respectively designate their representative on the Administrative Committee hereby established, with notice thereof given to the COMPANY and the PARTICIPANTS.
  - 15.6 Any action or determination of the Administrative Committee shall be by vote of a majority of the PARTICIPANTS and COMPANY represented at the meeting, which prevailing vote must include the vote of the Chairman. This Section is subject to the provisions herein for procedures of default and arbitration.



- 15.7 If the Administrative Committee fails to reach agreement while performing the respective functions and duties assigned to it in this Agreement, then such disagreement shall be referred to higher authority within the organization of the COMPANY and each PARTICIPANT for resolution. If, after thirty (30) days the disagreement is not resolved by such higher authorities, then the matter may proceed to arbitration as provided in Section 18 hereof.
- 15.8 If a dispute should arise which is not resolved by the Administrative Committee or the higher authorities within the COMPANY and PARTICIPANTS' organizations, then, pending the resolution of the dispute by arbitration, or litigation, the COMPANY shall proceed with Construction Work, Operating Work or Capital Improvements in a manner consistent with this Agreement and prudent practice in the electric utility industry, and the PARTICIPANTS shall advance the funds required to perform such Construction Work, Operating Work or Capital Improvements in accordance with the applicable provisions of this Agreement. Amounts advanced by the PARTICIPANTS pursuant to this Section during the pendency of such dispute shall not be subject to refund except upon a final determination that the expenditures were made in a manner inconsistent with this Agreement and prudent practice in the electric utility industry.
- 15.9 The COMPANY and each PARTICIPANT shall notify the others promptly of any change in the designation of its representatives on the Committee. In the absence of the representative, any alternate appearing at a committee meeting shall be deemed to have authority to act on behalf of the organization he represents when the Committee Chairman is furnished with written notice of such authority.
- 15.10 Any expenses incurred by any member of the Administrative Committee, or ad hoc committees, and all expenses incurred by any employee or agent of the COMPANY or any PARTICIPANT assisting such committee member, in connection with his duties on such committee shall be paid and borne by the organization which he represents and shall not be included in Cost of Construction or in costs for Operating Work.

16. COMMON and EXTERNAL FACILITIES

16.1 Common Facilities. The COMPANY, as the sole owner of all present and future Common Facilities, is and will be solely responsible for their construction, operation, and maintenance during the term of this Agreement, including the making of any replacements, substitutions, additions, improvements or betterments required to operate CR-3.

16.1.1 COMPANY shall provide, operate and maintain the Common Facilities in a manner consistent with generally accepted practices in the electric utility industry. Any dispute between COMPANY and any PARTICIPANT in respect to the operation and maintenance of the Common Facilities shall be subject to resolution in the manner provided by Section 15.7.

16.1.2 The PARTICIPANTS and COMPANY will share the operation and maintenance expenses of the Common Facilities listed on Appendix G hereto and not otherwise allocated to CR-3, on the basis of (1) the percentage allocable to CR-3 and (2) their Generation Entitlement Shares. The share allocable to CR-3 shall be equal to the percentage (hereinafter the "CR-3 Percentage") computed by dividing the turbine nameplate capability of CR-3 by the sum of such turbine nameplate capability of CR-1 and CR-2 and CR-3. The CR-3 percentage as calculated utilizing the above procedure, will be rounded to 50%, as to existing Common Facilities. The percentage will be adjusted accordingly as additional generating units using these Common Facilities are added, or retirements made.

16.1.3 The PARTICIPANTS shall pay to COMPANY a monthly use charge for the Common Facilities listed in Appendix G in an amount equal to one-twelfth of the product of (1) the CR-3 Percentage, (2) the original cost of the Common Facilities, (3) the applicable fixed charge rate as shown in Appendix G and (4) their Generation Entitlement Share.

16.2 External Facilities. The COMPANY, as the sole owner of all existing External Facilities listed on Appendix H hereto, shall be solely responsible for their construction, operation, and maintenance, including the making of any replacements, substitutions, additions, improvements or betterments required to operate CR-3.

16.2.1 The COMPANY shall provide, operate and maintain the External Facilities in a manner consistent with generally accepted practices in the electric utility industry. Any dispute between COMPANY and any PARTICIPANT in respect to the operation and maintenance of the External Facilities shall be subject to resolution in the manner provided by Section 15.7 hereof.

16.2.2 The PARTICIPANTS and the COMPANY will share the operation and maintenance expenses of the existing

External Facilities not otherwise allocated to CR-3, on the basis of their Generation Entitlement Shares.

16.2.3 The PARTICIPANTS shall pay to COMPANY a monthly use charge for the External Facilities listed in Appendix H in an amount equal to one-twelfth of the product of (1) the original cost of the External Facilities, (2) the applicable fixed charge rate as shown in Appendix H, and (3) their Generation Entitlement Share. This use charge shall commence when the External Facilities are placed in service.

16.2.4 With regard to future External Facilities that may be required for the proper operation of CR-3, COMPANY shall be responsible for the construction, operation, and maintenance in the same manner that COMPANY is responsible for the External Facilities listed in Appendix H, and PARTICIPANTS will pay for the use of such future External Facilities as provided for in Sec. 16.2.2 and Sec. 16.2.3.

16.3 At the request of the COMPANY or any PARTICIPANT, the Administrative Committee shall determine whether an adjustment or readjustment of any percentage used in computing the monthly use charge is warranted, provided, however, such determination shall not be requested at intervals shorter than two years without the written consent of COMPANY and all of the PARTICIPANTS.

16.4 COMPANY shall bill the PARTICIPANTS monthly for the monthly charges payable under Section 16.1 and 16.2 hereof, in accordance with the provisions in Section 8.3.

16.5 Authorized representatives of PARTICIPANTS will be permitted to observe the operation and maintenance of Common and External Facilities, at reasonable times and in accordance with COMPANY rules and regulations, limitations of licenses, and limitations of other regulatory authorities. None of these rights of observation shall be exercised in such a way as, in the reasonably exercised judgment of COMPANY, would unduly interfere with the operation or maintenance of Common and External Facilities.

16.6 It is expressly understood by PARTICIPANTS that the COMPANY reserves all rights of ownership over the Common and External Facilities so long as such use by the COMPANY or any third party does not unreasonably interfere with or make the operation and maintenance of CR-3 more burdensome.

17. DEFAULTS AND NON-PAYMENT

- 17.1 The COMPANY and each PARTICIPANT hereby agree that they shall pay all monies and carry out all other duties and obligations agreed to be paid and/or performed by them pursuant to all of the terms and conditions set forth and contained in this Agreement and a default by the COMPANY or any PARTICIPANT in the covenants and obligations to be kept and performed pursuant to the terms and conditions set forth and contained herein shall be an act of default.
- 17.2 In the event of an act of default by any PARTICIPANT in any of the terms and conditions of this Agreement, then, within ten (10) days after written notice has been given by the COMPANY or any non-defaulting PARTICIPANT to the COMPANY and all other PARTICIPANTS of the existence and nature of the default, the COMPANY and the non-defaulting PARTICIPANTS shall remedy such default by contributing to such remedy in the ratio of its Generation Entitlement Share to the total of the Generation Entitlement Shares of the COMPANY and all non-defaulting PARTICIPANTS.
- 17.3 In the event of a default by any PARTICIPANT in any of the terms and conditions of this Agreement and the giving of written notice by the COMPANY or any non-defaulting PARTICIPANTS as provided in Section 17.2 above, the defaulting PARTICIPANT shall cure such default promptly and shall pay upon demand to the COMPANY and each non-defaulting PARTICIPANT the total amount of money paid by the COMPANY and such non-defaulting PARTICIPANTS in order to cure said default, together with interest on such money at an annual rate equal to 1.30 times Prime Rate at the time of default. Such interest shall accrue from the date of the expenditure of such money by the COMPANY and the non-defaulting PARTICIPANTS to the date of reimbursement by the defaulting PARTICIPANT.
- 17.4 Should an act of default by any PARTICIPANT in the payment of monies or performance of any obligation under this Agreement continue for a period of ninety (90) days from the giving of written notice of said default without having been cured by said defaulting PARTICIPANT, then the COMPANY or any of the non-defaulting PARTICIPANTS, by written notice to all PARTICIPANTS, shall suspend the right of the defaulting PARTICIPANT to receive all or any part of its proportionate share of the Net Energy from CR-3 and to be represented on and participate in the actions of all committees. In the event of such suspension:
- 17.4.1 The COMPANY and the non-defaulting PARTICIPANTS shall bear, in accordance with their Generation Entitlement Shares, all of the operating and maintenance costs, insurance costs and other expenses, including Fuel Expenses and Nuclear Fuel Expenditures, otherwise payable by the suspended PARTICIPANT under this Agreement and shall be entitled to receive for their respective accounts the Generation Entitlement Share of the suspended PARTICIPANT of the Net Energy in the ratio of their respective

Generation Entitlement Shares to the total of the Generation Entitlement Shares of the COMPANY and all non-defaulting PARTICIPANTS.

- 17.4.2 The suspension of any defaulting PARTICIPANT shall be terminated and its full rights hereunder restored when all of its defaults have been cured and all costs, plus interest, incurred by the COMPANY and the non-defaulting PARTICIPANTS pursuant to Sections 17.2, 17.3, and 17.4.1 have been paid by the suspended PARTICIPANT. The proceeds paid by any suspended PARTICIPANT to remedy said default shall be distributed to the COMPANY and the non-defaulting PARTICIPANTS in the ratio of their respective Generation Entitlement Shares to the total of the Generation Entitlement Shares of the COMPANY and all non-defaulting PARTICIPANTS.
- 17.4.3 During the period that such suspension is in effect, no fuel expense credit adjustments shall be made to which the defaulting PARTICIPANT would have been entitled in the absence of such suspension. The non-defaulting PARTICIPANTS may apply all or any portion of any such credit adjustments as offsets to the costs and expenses incurred by them and arising from or in connection with such default and suspension.
- 17.4.4 Should the suspension of the defaulting PARTICIPANT continue for a period of ninety (90) days or longer, after the giving of written notice of such suspension, the COMPANY and/or other interested non-defaulting PARTICIPANT(S) shall have the option of purchasing the Generation Entitlement Share and all legal and equitable interests of the suspended PARTICIPANT in CR-3. Such option to purchase shall be exercisable by the serving of written notice of intent to purchase to the suspended PARTICIPANT. After applying appropriate credits due the COMPANY and the non-defaulting PARTICIPANTS for monies, plus interest, theretofore expended by them on behalf of the suspended PARTICIPANT, the purchase price and terms shall be subject to negotiations. Should the interested PARTICIPANT(S) and/or the COMPANY be unable to negotiate the net purchase price due the suspended PARTICIPANT and the terms to consummate the transaction within ninety (90) days of the giving of written notice of intent to purchase, the matter shall then become an arbitrable dispute subject to the provisions of Section 18 herein.
- 17.4.5 Should the suspension of the defaulting PARTICIPANT continue for a period of ninety (90) days or longer, after the giving of written notice of such suspension, and charter or bond covenants of the defaulting PARTICIPANT prohibit the sale of its ownership interests, the COMPANY shall have the option of revoking the Generation Entitlement Share and all legal and equitable interests of the

suspended PARTICIPANT in CR-3. The exercise of this power of revocation by the COMPANY shall constitute a condition subsequent which shall automatically cause the ownership interests of the defaulting PARTICIPANT to revert to the COMPANY, as provided in the Warranty Deed and Bill of Sale. Such option to revoke shall be exercisable by the serving of written notice of intent to revoke to the suspended PARTICIPANT. The COMPANY shall make the interests of the defaulting PARTICIPANT available to itself and the remaining PARTICIPANTS in proportion to their Generation Entitlement Shares, unless otherwise agreed upon. After applying appropriate credits due the COMPANY and the non-defaulting PARTICIPANTS for monies, plus interest, theretofore expended by them on behalf of the suspended PARTICIPANT, the acquisition price and terms shall be subject to negotiations. Should the interested PARTICIPANT(S) and/or the COMPANY be unable to negotiate the net acquisition price due the suspended PARTICIPANT and the terms to consummate the transaction within ninety (90) days of the giving of written notice of intent to revoke, the matter shall then become an arbitrable dispute subject to the provisions of Section 18 herein.

- 17.5 In addition to the remedies provided for in Section 17.4 hereof the COMPANY and the non-defaulting PARTICIPANTS may, in submitting a dispute to arbitration or adjudication in accordance with the provision of Section 18 hereof, request that the board of arbitrators, court, or agency determine what additional remedies may be reasonably necessary or required under the circumstances which give rise to the dispute.
- 17.6 Expenses associated with the ultimate disposition of CR-3 as provided for in Section 20.3, shall remain a liability of the COMPANY and all original PARTICIPANTS, regardless of default, assignment, or reversion of any PARTICIPANT'S ownership interests, and the provisions of Section 9.13.2 and 17 shall not apply to any expenses or assessments pertaining to the ultimate disposition of CR-3.
- 17.7 Subject to the provisions of Section 6.3.2, in the event of an act of default by the COMPANY in performing any of its duties and obligations under this Agreement, for any reason not constituting "force majeure" as defined in Section 9.14 herein, and such default or failure of performance on the part of the COMPANY results in a cessation of the operation of CR-3 or a reduction of the output of CR-3, PARTICIPANTS' exclusive remedy shall be receipt of replacement power and energy from COMPANY reasonably anticipated to have been available from CR-3, or, if mutually agreeable with the parties involved, monies equivalent to same. Nothing in this Section shall be construed as limiting or restricting PARTICIPANTS' remedies should the act of default by COMPANY not result in a cessation or reduction of the output of CR-3.

## 18. ARBITRATION

In this Section 18, the terms PARTICIPANT or PARTICIPANTS shall include the COMPANY.

- 18.1 If an arbitrable dispute between any of the PARTICIPANTS should arise under this Agreement, any involved PARTICIPANT(S) may call for submission of the dispute to arbitration which shall be binding upon all of the other involved PARTICIPANTS, if all involved PARTICIPANTS agree to such arbitration.
- 18.2 The PARTICIPANT(S) calling for arbitration shall give written notice to all other PARTICIPANTS, setting forth in such notice in adequate detail the nature of the dispute, the amount or amounts of money, if any, involved in such dispute, and the remedy sought by such arbitration proceedings, and, within twenty (20) days from receipt of such notice, any other PARTICIPANT which determines that it is or could become involved may, by written response to the first PARTICIPANT(S) and all other PARTICIPANTS, submit its own statement of the matter at issue and set forth in adequate detail additional related matters or issues to be arbitrated. Thereafter, the PARTICIPANT(S) first submitting its or their notice of the matter at issue shall have ten (10) days in which to submit a written rebuttal statement, copies of which shall be given to all other PARTICIPANTS. Any PARTICIPANT not filing a written response or other document declaring itself to be an involved PARTICIPANT within the time limits set forth in this Section 18.2 shall be excluded from any further participation in the arbitration proceedings. Thereafter, only upon a finding by arbitrators of all of the following may the arbitrators permit the filing of a late response and submittal of a written rebuttal statement as provided herein:
- 18.2.1 That the non-arbitrating PARTICIPANT could not reasonably have known of its involvement in a matter of issue when served with notice of the dispute,
  - 18.2.2 That the issues have been expanded from the original notice of the dispute,
  - 18.2.3 That the delayed involvement of the PARTICIPANT in the arbitration will minimize costs of the then-imminent arbitration to all then-arbitrating PARTICIPANTS and is without prejudice to their substantial rights, and
  - 18.2.4 The late-filing PARTICIPANT agrees to be bound by the instant arbitration.
- 18.3 Within forty (40) days following delivery of the written notice pursuant to Section 18.2 hereof, the PARTICIPANTS, acting through their representatives on the Administrative Committee, shall meet for the purpose of selecting arbitrators. Both sides of the dispute shall each designate an equal number of arbitrators. The arbitrators so selected shall meet within twenty (20) days following their selection and shall select additional arbitrators, the number of which shall

be one (1) less than the total number of arbitrators selected by the PARTICIPANTS. If the arbitrators selected by the PARTICIPANTS, as herein provided, shall fail to select such additional ARBITRATOR(S) within said twenty (20) day period, then the arbitrators shall request from the American Arbitration Association (or a similar organization if the American Arbitration Association should not at the time exist) a list of arbitrators who are qualified and eligible to serve as hereinafter provided. The arbitrators selected by the PARTICIPANTS shall take turns striking names from the list of arbitrators furnished by the American Arbitration Association, and the last name(s) remaining on said list shall be the additional arbitrator(s). All arbitrators shall be persons skilled and experienced in the field which gives rise to the dispute, and no person shall be eligible for appointment as an arbitrator who is an officer or employee of any of the parties to the dispute or is otherwise interested in the matter to be arbitrated.

- 18.4 Except as otherwise provided in this Section 18, the arbitration shall be governed by the rules and practice of the American Arbitration Association (or the rules and practice of a similar organization if the American Arbitration Association should not at that time exist) from time to time in force, except that if such rules and practice, as modified herein, shall conflict with state or federal law, as the case may be, then in force which are specifically applicable to such arbitration proceedings, such law shall govern.
- 18.5 The arbitrators shall hear evidence submitted by the respective PARTICIPANTS and may call for additional information, which additional information shall be furnished by the PARTICIPANT(S) having such information. The decision of a majority of the arbitrators shall be binding upon all the arbitrating PARTICIPANTS.
- 18.6 The award of the arbitrators shall contain findings relative to the materiality of the default, the period of time within which the defaulting party must remedy the default or commence remedial action, and the remedies which may be exercised by the non-defaulting PARTICIPANTS in the event the default is not remedied within such period of time.
- 18.7 This agreement to arbitrate shall be specifically enforceable, and the award and findings of the arbitrators shall be final and binding upon the arbitrating PARTICIPANTS to the extent permitted by applicable law. Any award may be filed with the Clerk of any court having jurisdiction over the arbitrating PARTICIPANTS, or any of them, against whom the award is rendered, and, upon such filing, such award, to the extent permitted by the laws of the jurisdiction in which said award is filed, shall be specifically enforceable or shall form the basis of a declaratory judgment or other similar relief.
- 18.8 The fees and expenses of the arbitrators shall be shared by the arbitrating PARTICIPANTS equally, unless the decision of



the arbitrators shall specify some other apportionment of such fees and expenses. All other expenses and costs of the arbitration shall be borne by the PARTICIPANT incurring the same.

- 18.9 In the event that any PARTICIPANT shall attempt to carry out the provisions herein set forth in regard to arbitration, and such PARTICIPANT shall not be able to obtain a valid and enforceable arbitration decree, or if all involved PARTICIPANTS do not agree to arbitration, such PARTICIPANT shall be entitled to seek legal remedies in the courts or agencies having jurisdiction in the premises, and the provisions of this Agreement referring to decision of a board of arbitration, to the extent allowable by law, shall be then deemed applicable to final decisions of such courts or agencies.

19. MISCELLANEOUS

19.1 Governing Law. The validity, interpretation, and performance of this Agreement and each of its provisions shall be governed by the laws of the State of Florida.

19.2 Notice. Any notice, request, consent or other communication permitted or required by this Agreement (including, without limitation, any offer or acceptance pursuant to Section 9.2 hereof) shall be in writing and shall be deemed given when delivered personally or deposited in the United States Mail, certified mail prepaid, and if given to the COMPANY shall be addressed to: Florida Power Corporation, P. O. Box 14042, 3201 34th Street South, St. Petersburg, Florida 33733, Attention: General Counsel; and if given to any or all PARTICIPANTS shall be addressed as indicated in Appendix A, unless a different officer or address shall have been designated by the respective party by notice in writing.

19.3 Section Headings Not to Affect Meaning. The descriptive headings of the various Sections of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions thereof.

19.4 No Partnership. Notwithstanding any provision of this Agreement, the COMPANY and PARTICIPANTS do not intend to create hereby any joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit, and contemplate seeking a ruling of the Internal Revenue Service that this Agreement has no such effect. The COMPANY and PARTICIPANTS agree to timely take all voluntary action as may be necessary to be excluded from treatment as a partnership under the Internal Revenue Code of 1954, as amended, and, if it should appear that one or more changes to this Agreement would be required in order to obtain the ruling referred to above, the COMPANY and PARTICIPANTS agree to negotiate promptly in good faith with respect to such changes.

19.5 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

19.6 Good Utility Practices. The COMPANY and PARTICIPANTS shall discharge any and all obligations under this Agreement in a prudent manner and in accordance with good utility practices.

19.7 Equal Opportunity. During the term of this Participation Agreement, the COMPANY agrees to comply with all provisions of the Equal Opportunity clause in Section 202, Paragraphs 1 thru 7 of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, relative to equal employment opportunity, and the implementing Rules and Regulations of the Office of Federal Contract Compliance, where applicable.

- 19.8 TIME. The COMPANY and PARTICIPANTS agree time is of the essence in this Agreement.
- 19.9 Severability. In the event any of the terms, covenants, or conditions of this Participation Agreement, its Appendices, and Exhibits, or the application of any such term, covenant, or condition, shall be held invalid as to any party or circumstance by any court having jurisdiction, all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, and shall remain in force and effect.
- 19.10 Integration. The terms and provisions contained in this Participation Agreement, including Appendices and Exhibits, constitute the entire agreement between COMPANY and PARTICIPANTS and shall supersede all previous communications, representations, or agreements, either verbal or written, between the COMPANY and PARTICIPANTS with respect to CR-3 and this Agreement.
- 19.11 Computation of Time. In computing any period of time prescribed or allowed by this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday or legal holiday in which event the period shall run until the end of the next day which is neither a Saturday, Sunday or legal holiday. When the period of time prescribed or allowed is less than seven days, intermediate Saturdays, Sundays and legal holidays shall be excluded in the computation.
- 19.12 Warranty Deed Covenant. By the execution of this Participation Agreement, PARTICIPANTS and COMPANY acknowledge, accept, and agree to comply with the terms, provisions, and covenants contained in the Warranty Deed and Bill of Sale as set forth in Exhibit A.

20. TERM AND TERMINATION

- 20.1 This Participation Agreement shall become effective on July 31, 1975, and terminate (1) at the expiration of 75 years from the date of execution, or (2) at such time as CR-3 is retired from service and all attendant obligations under this Agreement have been fulfilled including, without limitation, the obligations of the COMPANY under Section 7.2, whichever occurs first.
- 20.2 COMPANY shall notify the Administrative Committee at such time as COMPANY determines CR-3 will be retired. The Administrative Committee shall then perform its responsibilities under Sections 15.3.10 and 20.3.
- 20.3 It shall thereafter be the responsibility of the Administrative Committee to work out the specific details for retirement of CR-3, which details shall include the ultimate disposition of CR-3, and how ownership interests will be dealt with for the purpose of retirement and/or salvage.
- 20.4 It is agreed that COMPANY shall pay PARTICIPANTS, on the basis of their ownership interests at the time of reversion, a total sum of \$2,000 as consideration for the title to CR-3 reverting back to COMPANY as provided in the Warranty Deed and Bill of Sale. Such amount shall be paid as a part of COMPANY'S responsibility for final termination costs under the provisions of this Section 20.

21. EXECUTION

IN WITNESS WHEREOF, the COMPANY and the PARTICIPANTS have caused this Participation Agreement to be executed as of the 31st day of July, 1975.

FLORIDA POWER CORPORATION

Bernie D. Reid  
Witness

By: M. J. Keller  
Vice President

Richard W. Neiser  
Witness

Attest: Betty M. Clayton  
Assistant Secretary

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CITY OF ALACHUA, FLORIDA

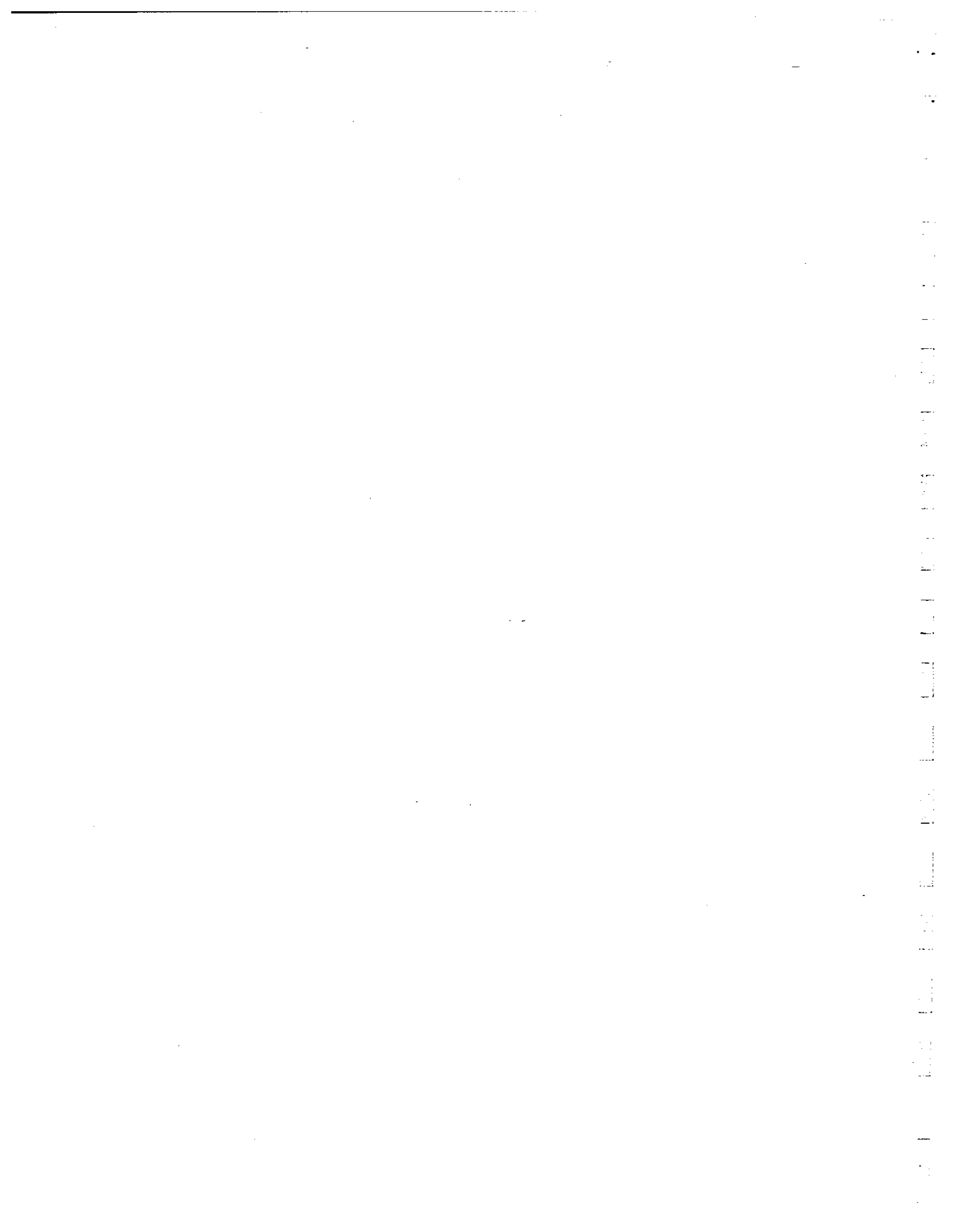
  
MAYOR-COMMISSIONER

ATTEST:

  
CLERK OF THE COMMISSION

Approved as to form  
and correctness

By:   
Oscar R. Fagan  
City Attorney





THE CITY OF BUSHNELL

ATTEST:

BY *James N. Etheredge*  
JAMES N. ETHEREDGE  
Mayor

*Margaret S. Strickland*  
MARGARET S. STRICKLAND  
Clerk

(SEAL)

Signed, Sealed and Delivered  
In the Presence of:

*Edna Stone*  
WITNESS

*Edna Blackburn*  
WITNESS

Approved as to form:

*Joseph Minotti*  
JOSEPH MINOTTI  
City Attorney

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CITY OF GAINESVILLE, FLORIDA

  
MAYOR-COMMISSIONER PRO TEMPORE

ATTEST:

  
CLERK OF THE COMMISSION

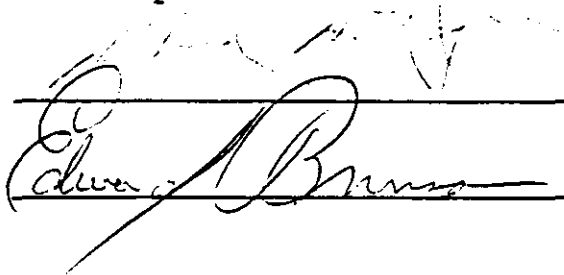
Approved as to form  
and correctness

By:   
Osee R. Fagan  
City Attorney

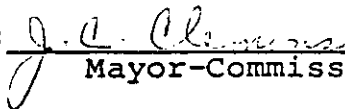


IN WITNESS WHEREOF, the COMPANY and the CITY OF  
KISSIMMEE, FLORIDA, a municipal corporation, have caused  
this Participation Agreement to be executed as of the 31st  
day of July, 1975.

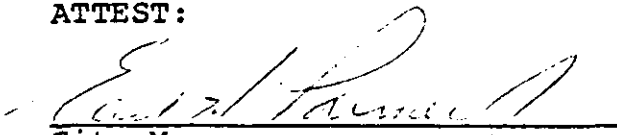
Signed, sealed and delivered  
in the presence of:

  
\_\_\_\_\_  
Edward Burns

CITY OF KISSIMMEE, FLORIDA  
A Municipal Corporation

By:  \_\_\_\_\_ (SEAL)  
Mayor-Commissioner

ATTEST:

  
\_\_\_\_\_  
City Manager  
ex officio City Clerk

(CITY SEAL)

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EXECUTION SHEET - Crystal River Unit 3  
Participation Agreement  
July 31, 1975

CITY OF LEESBURG, FLORIDA

WITNESSES:

Pamela H. J. McKinney  
Madge Spilone

BY Charles C. Strickland  
Charles C. Strickland  
Mayor-Commissioner

ATTEST LaVern Bechtel  
LaVern Bechtel  
City Clerk-Auditor

APPROVED James G. Sharon, Jr.  
James G. Sharon, Jr.  
City Attorney

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In the presence of:

Joy M. Carter

Richard M. Gifford

Robert W. Clanson

Frances E. Clanton

CITY OF NEW SMYRNA BEACH, FLORIDA

BY Lowell A. Hanks

Lowell A. Hanks  
Mayor

S. Victor McDonald

S. Victor McDonald  
Vice Mayor

E. Irene Beckham

E. Irene Beckham  
City Clerk

UTILITIES COMMISSION  
CITY OF NEW SMYRNA BEACH, FLORIDA

BY Evan L. Williams

Evan L. Williams  
Chairman

Charles E. Jarrard

Charles E. Jarrard  
Vice Chairman

Margaret G. McCabe

Margaret G. McCabe  
Assistant Secretary

James O. Covington

James O. Covington  
Secretary



CITY OF OCALA

By

*[Handwritten Signature]*  
President, City Council

Attest

*Cletus C. Hepp*  
City Clerk

SEAL

Approved as to form and correctness:

*Seymour H. Rowland, Jr.*  
City Attorney



ORLANDO UTILITIES COMMISSION

*[Handwritten Signature]*

Witness

By *[Handwritten Signature]*

President

*[Handwritten Signature]*

Witness

*[Handwritten Signature]*

Secretary



ACKNOWLEDGMENT OF OBLIGATIONS

The ORLANDO UTILITIES COMMISSION (OUC), a PARTICIPANT herein, has requested, for legal and convenience purposes, that the City of Orlando hold legal title to OUC's undivided ownership interest in CR-3 conveyed by COMPANY pursuant to this PARTICIPATION AGREEMENT.

The City of Orlando hereby agrees to hold title for the use and benefit of OUC, and further agrees that it will hold title subject to the rights and obligations of OUC as specifically set forth in the Agreement, including but not limited to the contractual obligations relating to alienation and assignment, default, and reverter.

By the execution of this Acknowledgment of Obligations, the City of Orlando acknowledges, accepts and agrees to comply with the covenants numbered one and two contained in the Warranty Deed and Bill of Sale, a copy of which is set forth in Exhibit A of this Agreement.

CITY OF ORLANDO

Witnesses:

Walter D. P. Anderson

By

Carl T. Langford  
Mayor

[Signature]

Attest:

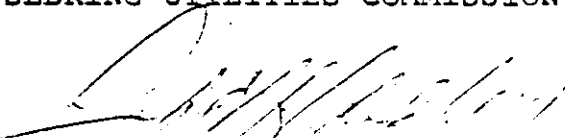
[Signature]

[Signature]  
City Clerk

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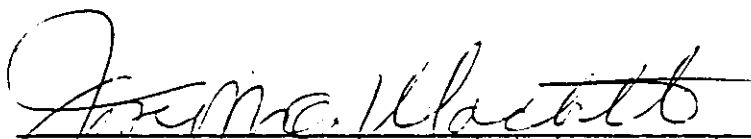


SEBRING UTILITIES COMMISSION

BY:   
Chairman

ATTEST:   
Assistant Secretary

APPROVED AS TO FORM:

  
Attorney for Sebring Utilities Commission



SEMINOLE ELECTRIC COOPERATIVE, INC.

*W. F. Lewis*

Witness

*V. G. Eveland*

V. G. Eveland  
President

*C. F. Hart*

Witness

*Leon E. Weaver*

Leon E. Weaver  
Secretary

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Signed, sealed and delivered  
in the presence of:

James Blackburn  
Christelle Strickland

CITY OF TALLAHASSEE

By: John R. Jones  
JOHN R. JONES, Mayor

ATTEST:

By: Herbert J. Seckel  
HERBERT J. SECKEL  
City Auditor and Clerk

(Corporate Seal)

APPROVED AS TO FORM:

Brian W. Henry  
BRIAN W. HENRY  
City Attorney

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APPENDIX A

LISTING OF COMPANY AND PARTICIPANTS

| <u>System, Address<br/>&amp; Telephone</u>   | <u>Generation Entitlement Share<br/>(Percent)</u> |
|--|---|
| Florida Power Corporation<br>P. O. Box 14042, St. Petersburg 33733<br>813/866-5151                                     | 90.0000   |
| Alachua, City of<br>P. O. Box 8, Alachua 32615<br>904/462-1231   | 0.0779  |
| Bushnell, City of<br>P. O. Box 115, Bushnell 33513<br>904/793-2591   | 0.0388  |
| Gainesville, City of<br>P. O. Box 490, Gainesville 32601<br>904/376-1271 (Operations)<br>904/378-7444 (Administration) | 1.4079  |
| Kissimmee, City of<br>P. O. Box 340, Kissimmee 32741<br>305/847-2821   | 0.6754  |
| Leesburg, City of<br>P. O. Box 630, Leesburg 32748<br>904/787-4313   | 0.8244  |
| New Smyrna Beach Utilities<br>Commission<br>P. O. Box 519, New Smyrna Beach 32069<br>904/427-1361 or 1362              | 0.5608  |
| Ocala, City of<br>P. O. Box 1270, Ocala<br>904/629-8431  | 1.3333  |
| Orlando Utilities Commission<br>P. O. Box 3193, Orlando 32802<br>305/841-1230  | 1.6015  |
| Sebring Utilities Commission<br>368 South Commerce Avenue, Sebring 33870<br>813/385-0191                               | 0.4473  |

| <u>System, Address<br/>&amp; Telephone</u>   | <u>Generation Entitlement Share<br/>(Percent)</u> |
|--|---|
| Seminole Electric Cooperative, Inc.<br>2410 East Busch Boulevard, Suite 129<br>Tampa 33612<br>813/932-8385 | 1.6994  |
| Tallahassee, City of<br>2602 Jackson Bluff Road<br>Tallahassee 32304<br>904/576-1171                       | 1.3333  |
| Total  | <u>100.0000</u>                                   |



## APPENDIX B

### DESCRIPTION OF CRYSTAL RIVER UNIT 3

Structures, equipment, and facilities now or hereafter constructed and installed in or on the CR-3 Plant Site, including, but not limited to the following:

- B.1 A nuclear steam supply system of the pressurized water type, with a thermal capacity of approximately 2450 MW.
- B.2 A steam turbine-generator with a design nameplate turbine capability of 858.9 MW, and designed to take steam from the nuclear steam supply system.
- B.3 Containment for the nuclear steam supply system.
- B.4 All auxiliary equipment and other engineered safeguards associated with the foregoing.
- B.5 An administration building, machine shop, warehouse, public information facility and other support buildings located adjacent to said units. (This does not include support buildings that are Common or External Facilities.)
- B.6 Cooling water system(s).
- B.7 A radioactive waste treatment and control system or systems and all associated equipment.
- B.8 Generator step-up bank consisting of four transformers rated at 316 MVA each.
- B.9 Standby auxiliary power transformation equipment and related facilities.
- B.10 CR-3 control and communication facilities and associated buildings or equipment not included in Common or External Facilities.
- B.11 CR-3 Plant Site as described in Appendix C.

APPENDIX C  
DESCRIPTION OF CR-3 PLANT SITE

Real property situated in Citrus County, Florida, described as follows:

COMMENCE AT THE NW CORNER OF SECTION 33, TOWNSHIP 17 SOUTH,  
RANGE 16 EAST, CITRUS COUNTY, FLORIDA, SAID CORNER HAVING PLANT COORDINATES  
OF N. 0+34.61½ E. 0+36.85, AND RUN S. 00° 58' 04" E., ALONG THE WEST BOUNDARY  
OF SAID SECTION 33, A DISTANCE OF 1,254.79 FEET; THENCE EAST, A DISTANCE OF  
1,456.95 FEET TO THE POINT OF BEGINNING, SAID POINT HAVING PLANT COORDINATES,  
S. 12+20½ E. 15+15; THENCE SOUTH, A DISTANCE OF 63.98 FEET; THENCE  
S. 45° 41' 57" W., A DISTANCE OF 201.91 FEET; THENCE WEST, A DISTANCE OF  
436.50 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHEASTERLY AND  
HAVING A RADIUS OF 134.0 FEET; THENCE RUN 210.49 FEET ALONG THE ARC OF SAID  
CURVE, A CHORD BEARING AND DISTANCE OF S. 45° 00' 00" W., 189.50 FEET TO  
THE POINT OF TANGENCY; THENCE SOUTH, 757.33 FEET; THENCE EAST, 484.00 FEET;  
THENCE NORTH, 137.83 FEET; THENCE EAST, 66.00 FEET TO THE POINT OF CURVATURE  
OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 147.43 FEET; THENCE  
RUN 149.75 FEET ALONG THE ARC OF SAID CURVE, A CHORD BEARING AND DISTANCE OF  
N. 60° 54' 14" E., 143.40 FEET TO THE POINT OF TANGENCY; THENCE N. 31° 47' 52"  
E., 87.01 FEET TO A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 1183.72  
FEET; THENCE RUN 319.45 FEET ALONG THE ARC OF SAID CURVE, A CHORD BEARING  
AND DISTANCE OF N. 73° 50' 37" E., 318.48 FEET TO THE POINT OF TANGENCY;  
THENCE N. 67° 31' 02" E., 481.14 FEET TO THE POINT OF CURVATURE OF A CURVE  
CONCAVE SOUTHERLY AND HAVING A RADIUS OF 676.78 FEET; THENCE RUN 265.05 FEET  
ALONG THE ARC OF SAID CURVE, A CHORD BEARING AND DISTANCE OF N. 78° 43' 36" E.,  
263.36 FEET TO THE POINT OF TANGENCY; THENCE N. 89° 53' 49" E., 200 FEET;  
THENCE N. 00° 06' 11" W., 80.00 FEET; THENCE S. 89° 53' 49" W., 200 FEET TO  
THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF  
756.78 FEET; THENCE RUN 296.31 FEET ALONG THE ARC OF SAID CURVE, A CHORD  
BEARING AND DISTANCE OF S. 78° 43' 36" W., 294.42 FEET TO THE POINT OF TANGENCY;

THENCE S. 67° 31' 02" W., 481.14 FEET TO THE POINT OF CURVATURE OF A CURVE  
CONCAVE NORTHERLY AND HAVING A RADIUS OF 1103.72 FEET; THENCE RUN 241.24 FEET  
ALONG THE ARC OF SAID CURVE, A CHORD BEARING AND DISTANCE OF S. 73° 59' 18" W.,  
240.76 FEET; THENCE WEST, 150.57 FEET; THENCE NORTH, 204.70 FEET; THENCE EAST,  
60.00 FEET; THENCE NORTH, 161.00 FEET; THENCE EAST, 437.55 FEET; THENCE NORTH,  
353 FEET; THENCE WEST, 397 FEET TO THE POINT OF BEGINNING.

CONTAINING 18.86 ACRES, MORE OR LESS.

NOTE: BEARINGS USED IN THIS DESCRIPTION WERE ESTABLISHED FROM PLANT BASE  
LINE BEARINGS OF TRUE NORTH AND EAST.

APPENDIX D

PRE-OPERATION AND TRAINING EXPENSES

- D.1 The COMPANY shall charge all costs associated with pre-operational start-up and operating work to Cost of Construction.
- D.2 The initial training expenses up to the effective date of the Participation Agreement shall be included in the purchase price of Generation Entitlement Shares in CR-3.
- D.3 The COMPANY shall accumulate the training expenses after the effective date of the Participation Agreement up to, but not beyond, the Date of Commercial Operation in a manner to provide identification and basis for the monthly billing to the PARTICIPANTS in accordance with Section 8.3 of the Agreement.
- D.4 The PARTICIPANT(S) may request use of the CR-3 facility for personnel training, consistent with all license and regulatory requirements and with safe and efficient operation of the unit, which request shall not unreasonably be refused. All financial responsibility associated with such training shall be that of the requesting PARTICIPANT(S).

## APPENDIX E

### OPERATING EMERGENCY

- E.1 In the event of an Operating Emergency, the COMPANY shall, in addition to the action required to be taken pursuant to Section 7.5 of this Participation Agreement, take such steps as are required in this Appendix E.
- E.2 As soon as practicable after the commencement of an Operating Emergency, the COMPANY shall advise each PARTICIPANT of the occurrence of the Operating Emergency, its nature and the steps taken or to be taken to terminate the Operating Emergency.
- E.3 As soon as practicable after giving the advice required pursuant to Section E.2 hereof, the COMPANY shall develop an estimate of expenses, incurred and projected, required to terminate the Operating Emergency and to restore the availability of CR-3 and the estimated time schedule within which such measures can be accomplished. In the event the estimated cost of restoring the availability of CR-3 to its rated capacity shall exceed \$1,000,000, the COMPANY shall consult with the Administrative Committee before committing any expenditures therefor; provided however, that nothing herein shall prevent the COMPANY from incurring any expense it deems in its sole discretion necessary to protect the plant or the health and safety of its employees and the public.
- E.4 Subject to Section E.3 hereof and Section 9.13 of this Participation Agreement, costs incurred in terminating an Operating Emergency and restoring the availability of CR-3 may be charged to the COMPANY and the PARTICIPANTS by the COMPANY on the basis of its estimate of such costs with adjustment to be made in accordance with Sections E.6 and E.7 hereof when a final costs determination has been made.
- E.5 Following the termination of the Operating Emergency, the COMPANY shall submit to each PARTICIPANT a report containing a summary of the costs incurred and expenditures made in connection with the repair, restoration or reconstruction and such other information as may be required.
- E.6 The COMPANY shall allocate to the COMPANY and the PARTICIPANTS, in accordance with their respective Generation Entitlement Shares, the costs incurred or expenditures made in such repair, restoration or reconstruction which are charged as maintenance expense.
- E.7 The COMPANY shall allocate to the COMPANY and the PARTICIPANTS, in accordance with their respective Generation Entitlement Shares, the costs incurred or expenditures made in such repair, restoration or reconstruction which are Capital Improvements.

APPENDIX F

CONDITIONS OF INTERCONNECTED OPERATION FOR CR-3

Throughout this Appendix F, the terms PARTICIPANT or PARTICIPANTS shall include the COMPANY.

The following conditions, with respect to spinning reserve obligations, are understood and agreed to by all PARTICIPANTS as a necessary part of this Agreement.

F.1 SPINNING RESERVE CAPACITY

F.1.1 Each PARTICIPANT shall maintain or provide for spinning reserve sufficient to cover its share of the COMPANY'S increase in spinning reserve obligation necessitated by the commercial operation of CR-3. This increase shall be calculated in accordance with the principles established by the Operating Committee of FCG, and will be shared during the life of this Agreement in accordance with each PARTICIPANTS' Generation Entitlement Share. Under present FCG principles, this increase is anticipated to be 60 MW.

F.1.2 PARTICIPANTS may use any of the operating practices of FCG in meeting their spinning reserve obligation under this Agreement including, but not limited to, the following:

F.1.2.1 Spinning reserve capacity owned by that PARTICIPANT.

F.1.2.2 Spinning reserve capacity purchased directly.

F.1.2.3 Spinning reserve capacity supplied by an interchange agreement.

F.1.2.4 Interruptible load, as defined and approved by FCG.

F.1.2.5 Other sources agreed to by the Administrative Committee of the Participation Agreement.

F.2 Unless otherwise mutually agreed, each PARTICIPANT shall provide the reactive power requirements of its own electric system.

F.3 Those PARTICIPANTS without any alternative source of spinning reserve capacity may purchase their respective requirements from COMPANY, under a rate schedule filed with the FPC.

- F.4 Transmission service shall be provided by COMPANY, within its transmission system, to each PARTICIPANT during the term of this Agreement, under the T-1 rate schedule filed with the FPC, or any superseding schedule(s).
- F.5 Partial requirements, as may be required herein, shall be provided by COMPANY to PARTICIPANT(S), in accordance with the rate schedule filed with FPC.
- F.6 The rate schedules referenced in F.3, F.4, and F.5 above are subject to review and approval by the FPC.

## APPENDIX G

### DESCRIPTION OF COMMON FACILITIES

- G.1 Common Facilities shall consist of all facilities necessary or required for licensing, start-up, operation, maintenance, control, supply, or shut-down of CR-3 which are not included in the Cost of Construction previously identified as integral parts of CR-3, and are also required and used by CR-1 and CR-2.
- G.2 The capital cost of these Common Facilities shall be allocated between CR-1, CR-2, and CR-3 on the basis of the CR-3 Percentage as defined in Section 16.1.2 of this Participation Agreement. If any of the Common Facilities listed in this Appendix G are sold or devoted to non-utility use, the capital cost will be reduced accordingly.
- G.3 The Common Facilities at date of this Participation Agreement shall include, but are not limited to:
- G.3.1 Intake and discharge canals to, but not including (1) intake and discharge structures for CR-1, CR-2, or CR-3 and (2) docking and fuel handling facilities used only for fossil fuels.
  - G.3.2 Access roads and railroad spurs outside and up to the property line for CR-3 Plant Site.
  - G.3.3 Make up and service water systems outside and up to the property line for CR-3 Plant Site.
  - G.3.4 Water treatment facilities outside and up to the property line for CR-3 Plant Site.
  - G.3.5 Auxiliary fire protection systems outside the property line for CR-3 Plant Site.
  - G.3.6 Waste water collection systems and secondary sewage treatment facilities outside the property line for CR-3 Plant Site.
  - G.3.7 Plant Site, as defined in Section 2.34 of this Agreement, plus road and railroad rights-of-way external to the Plant Site.



G.4 PLANT SITE COMMON FACILITIES

|  | In Service | Continuing Property<br>Record 1st Cost | Fixed Charge<br>Rate - % | Annual<br>Fixed<br>Charges |
|--|------------|--|--------------------------|----------------------------|
| 1. Land (G.3.7)                              | 1966       | \$1,682,860                            | 16.72                    | \$281,374                  |
| 2. Structures<br>(G.3.1, G.3.2)              | 1966       | 351,327                                | 14.76                    | 51,856                     |
|  | 1970       | 125,742                                | 17.01                    | 21,389                     |
|  | 1973       | 25,078                                 | 16.29                    | 4,085                      |
|  | Open       | <u>118,000</u>                         | 16.52                    | <u>19,494</u>              |
| Total  |            | \$ 620,147                             | 15.61                    | 96,824                     |
| 3. Site Improvements<br>(G.3.1, G.3.2)       | 1966       | 4,825,444                              | 14.76                    | 712,236                    |
|  | 1973       | 312,191                                | 16.29                    | 50,856                     |
|  | 1974       | <u>79,165</u>                          | 17.67                    | <u>13,988</u>              |
|  | Total      | \$5,216,800                            | 14.90                    | \$777,080                  |
| 4. Water Supply Equipment<br>(G.3.3)         | 1966       | 132,490                                | 14.76                    | 19,556                     |
|  | 1973       | <u>238,991</u>                         | 16.29                    | <u>38,932</u>              |
|  | Total      | \$ 371,481                             | 15.74                    | \$ 58,488                  |
| 5. Water Treatment Equipment<br>(G.3.4)      | 1966       | 582,495                                | 14.76                    | 85,976                     |
|  | 1971       | 49,760                                 | 16.34                    | 8,131                      |
|  | 1973       | <u>294,438</u>                         | 16.29                    | <u>47,964</u>              |
|  | Total      | \$ 926,693                             | 15.33                    | \$142,071                  |
| 6. Miscellaneous Equipment<br>(G.3.5, G.3.6) | 1973       | 48,222                                 | 16.29                    | 7,855                      |
|  | Open       | <u>236,000</u>                         | 16.52                    | <u>38,987</u>              |
|  | Total      | \$ 284,222                             | 16.48                    | \$ 46,842                  |
| GRAND TOTAL                                  |            | \$9,102,203                            | 15.41                    | \$1,402,679                |

APPENDIX H

DESCRIPTION OF EXTERNAL FACILITIES

H.1 External Facilities shall consist of all facilities necessary or required for licensing, start-up, operation, maintenance, control, supply, or shut-down of CR-3, but which are not within the CR-3 Plant Site described in Appendix C, are not required or used by CR-1 or CR-2, are not included in Common Facilities, and are not included in the Cost of Construction within this Participation Agreement.

H.2 The External Facilities at date of this Participation Agreement shall include:

H.2.1 Underground auxiliary steam supply system from CR-1 source to CR-3.

H.2.2 The meteorological facility located approximately one-quarter mile southwest of the CR-3 Site.

H.2.3 The discharge structure, including headwall and piping, located under and north of the access road to CR-1 and CR-2.

H.2.4 The standby underground power line tie from CR-1 to CR-3.

H.3 CR-3 External Facilities

| <u>Item</u>   | <u>In service</u> | <u>Continuing Property Record 1st Cost</u> | <u>Fixed Charge Rate - %</u> | <u>Annual Fixed Charges</u> |
|---------------|-------------------|--|------------------------------|-----------------------------|
| H.2.1         | 1976              | \$ 542,128                                 | 16.52                        | \$ 89,560                   |
| H.2.2         | 1976              | 428,285                                    | 16.52                        | 70,753                      |
| H.2.3         | 1976              | 1,157,537                                  | 16.52                        | 191,225                     |
| H.2.4         | 1976              | 113,295                                    | 16.52                        | 18,716                      |
| <b>Totals</b> |                   | <b>\$ 2,241,245</b>                        | <b>16.52</b>                 | <b>\$370,254</b>            |

## APPENDIX I

### DESCRIPTION OF ADJUSTMENTS OF GENERATION ENTITLEMENT SHARES

Under several Sections of the Participation Agreement adjustment or re-allocation of Generation Entitlement Shares (GES) and ownership interests of COMPANY and/or PARTICIPANTS is allowed or required. The step-by-step process for adjustment shall be as follows:

- I.1 Adjustment Prior to Closing. Adjustment or re-allocation prior to Closing shall be as agreed among all PARTICIPANTS.
- I.2 Adjustment for Construction Completion under Section 6.3.2. Should events occur to cause Section 6.3.2 to take affect, adjustments shall be made on the basis of the following formula:

$$PS = \frac{.1 C_1 + C_2P}{C_1 + C_2} \times 100$$

where PS = PARTICIPANTS' total GES

C<sub>1</sub> = Cost of Construction thru June 30, 1975 including AFC and Nuclear Fuel

C<sub>2</sub> = Total Cost of Construction after June 30, 1975, including Nuclear Fuel, but excluding AFC.

C<sub>2</sub>P = Cost of Construction after June 30, 1975, contributed by PARTICIPANTS, including Nuclear Fuel

PARTICIPANTS' total Generation Entitlement Shares, as calculated above, shall be allocated among PARTICIPANTS at Date of Commercial Operation in proportion to their original Generation Entitlement Shares. If events are such that continued extra contributions by PARTICIPANTS to Cost of Construction are required after Date of Commercial Operation, the above PS shall be recalculated monthly after each such extra contribution has been made.

- I.3 Adjustments for Purchase Option Under Section 17.4.4. Should the purchase option for a defaulting PARTICIPANT'S Generation Entitlement Share be negotiated or arbitrated, the interested PARTICIPANT(S) and/or the COMPANY shall receive an additional percentage share based on the ratio of their payment and the net purchase price times the defaulted Generation Entitlement Share. It is understood the maximum additional participation in this purchase option shall be in the ratio which the interested PARTICIPANT(S) and/or the COMPANY'S initial Generation Entitlement Shares bears to the total Generation Entitlement Shares of the interested PARTICIPANT(S) and/or COMPANY.

EXHIBIT A  
FORM OF  
WARRANTY DEED AND BILL OF SALE

THIS Indenture, made this 31st day of July, 1975 between FLORIDA POWER CORPORATION, a corporation of the State of Florida, "GRANTOR" herein; the CITY OF ALACHUA, FLORIDA, the CITY OF BUSHNELL, FLORIDA, THE CITY OF GAINESVILLE, FLORIDA, the CITY OF KISSIMMEE, FLORIDA, the CITY OF LEESBURG, FLORIDA, the CITY OF NEW SMYRNA BEACH, FLORIDA, and NEW SMYRNA BEACH UTILITIES COMMISSION, the CITY OF OCALA, FLORIDA, the CITY OF ORLANDO, FLORIDA and the ORLANDO UTILITIES COMMISSION, the SEBRING UTILITIES COMMISSION, the CITY OF TALLAHASSEE, FLORIDA, each a municipal corporation of the State of Florida, and the SEMINOLE ELECTRIC COOPERATIVE, INC., a corporation of the State of Florida, as their interest may appear, "GRANTEES" herein;

W I T N E S S E T H

WHEREAS, GRANTOR is the fee owner of certain lands in Citrus County, Florida, upon which is being constructed a nuclear generating plant known as Crystal River Unit No. 3 and hereinafter referred to as "CR-3"; and

WHEREAS, GRANTOR and GRANTEES have heretofore entered into that certain Participation Agreement dated July 31, 1975, hereinafter referred to as the "Agreement," whereby GRANTEES will participate in the cost and the power output of CR-3 as provided therein; and

WHEREAS, GRANTEES are desirous of acquiring, and GRANTOR is willing to grant interests as tenants in common in the aforementioned lands and in CR-3 to the GRANTEES in furtherance of the Agreement;

NOW, THEREFORE, GRANTOR, in consideration of the sum of Ten Dollars (\$10.00), receipt of which is hereby acknowledged, and other valuable considerations, hereby bargains, sells and conveys to GRANTEES a ten percent (10%) undivided interest, as tenants in common in and to the following described real and personal property:

- (a) Real property situated in Citrus County, Florida:  
*(Description of 18.86-acre tract as provided in Appendix C)*
- (b) Structures, equipment and facilities now or hereafter constructed and installed in or on the above described real property, including, but not limited to, the following: *(Description provided in Appendix B)*
- (c) The precise undivided interest being conveyed to each GRANTEE is as follows:

| <u>GRANTEE</u>     | <u>% of Whole<br/>Property</u> |
|--------------------|--------------------------------|
| 1. City of Alachua | 0.0779                         |
| 2. City Bushnell   | 0.0388                         |

|     |   |        |
|-----|---|--------|
| 3.  | City of Gainesville   | 1.4079 |
| 4.  | City of Kissimmee   | 0.6754 |
| 5.  | City of Leesburg  | 0.8244 |
| 6.  | City of New Smyrna Beach<br>and New Smyrna Beach Utilities Commission | 0.5608 |
| 7.  | City of Ocala   | 1.3333 |
| 8.  | City of Orlando and<br>Orlando Utilities Commission                   | 1.6015 |
| 9.  | Sebring Utilities Commission  | 0.4473 |
| 10. | Seminole Electric Cooperative, Inc.                                   | 1.6994 |
| 11. | City of Tallahassee   | 1.3333 |

Total being conveyed 10.0000%

Provided, however, that the foregoing conveyance and the estates created thereby shall terminate upon the condition subsequent of the termination of the Agreement, pursuant to Sections 9.13.2, 17.4.4, 17.4.5, and 20.1 of the Agreement, and upon such termination of the Agreement, all right, title and interest in said property created by the foregoing conveyance shall automatically revert and vest in GRANTOR, its successors and assigns, and; provided, further, that the foregoing conveyance and estates created thereby are subject to the default and suspension provisions of the Participation Agreement which grants to COMPANY and any non-defaulting PARTICIPANT the option of purchasing the suspended PARTICIPANT(S) legal and equitable interests conveyed by this instrument.

GRANTEES, as an incident to the foregoing, shall have the right of ingress and egress upon adjoining lands of GRANTOR for access to the above described property from adjacent public roads exercisable over such improved roads as GRANTOR shall make available and at reasonable times in accordance with GRANTOR's rules and regulations, limitations of licenses, and limitations of other regulatory authorities.

As part of the consideration of this conveyance, the parties covenant as follows:

- (1) GRANTOR covenants with GRANTEES, and GRANTEES covenant with GRANTOR and with all other tenants in common thereof, that said real estate shall be used only for the purposes of constructing and operating CR-3 thereon or for such other purpose as may be mutually agreed upon by all of said tenants in common; and
- (2) GRANTEES, for themselves, their successors and assigns, hereby accepts title to said real estate and any improvements now or hereafter constructed thereon as tenants in common with GRANTOR and others who may now hold or hereafter acquire interests as tenants in common in said real estate, and AGREE that: (a) the interests hereby conveyed shall be held as tenancies in common; (b) GRANTEES waive the right to partition the property, real or personal hereby conveyed whether by partition in kind or by sale and division of the proceeds thereof; (c) GRANTEES will not resort to any action at law or in equity to partition said property; (d) GRANTEES waive the benefit of all such laws as may now or hereafter authorize such partition; (e) the covenants herein made and restrictions set forth in this conveyance shall be binding upon GRANTEES, their successors and assigns, shall be an attribute of the title

herein conveyed to GRANTEES and shall be and remain covenants running with the real estate hereby conveyed; (f) GRANTEES recognize and represent to the GRANTOR and others who may now or hereafter acquire interests in said property as tenants in common, that the common ownership created hereby and the reservations, conditions, restrictions, waivers and covenants herein set forth are for the mutual benefit of the GRANTEES and their successors and assigns, and that such benefit is best realized by insuring to each tenant in common the value of ownership, use and operation of CR-3 during such period; and (g) said reservations, conditions, restrictions, waivers and covenants are reasonably related to a proper purpose to be accomplished, and that said period is therefore reasonable when so considered.

(3) GRANTOR covenants with GRANTEES that GRANTOR shall likewise be bound by all of the terms, conditions, restrictions, waivers and covenants hereof with respect to any interest retained by GRANTOR in said real estate and improvements thereon; and GRANTOR further covenants that any further conveyances of any interest in said real estate shall include all of the same terms, conditions, restrictions, waivers and covenants as contained herein.

GRANTOR covenants that the property is free of all encumbrances, except drainage rights and oil gas, and mineral rights reserved to the State of Florida, that lawful seisin of and good right to convey said properties is vested in GRANTOR, and that GRANTOR does fully warrant the title to the aforesaid lands, improvements and goods and chattels above described and will defend the same against the lawful claims of all persons whomsoever.

WHEREFORE, GRANTOR has caused this instrument to be executed by its duly authorized officers on the day and year first above written.

FLORIDA POWER CORPORATION

By: \_\_\_\_\_  
Vice President

\_\_\_\_\_  
Witness

Attest: \_\_\_\_\_  
Assistant Secretary

\_\_\_\_\_  
Witness

(SEAL)

STATE OF FLORIDA    )  
                          )    SS.  
COUNTY OF PINELLAS )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1975, by \_\_\_\_\_, Vice President of Florida Power Corporation, a Florida corporation, on behalf of the corporation.

EXHIBIT B

ACCOUNTING FOR OPERATING COSTS

- B.1 Operation and Maintenance Expenses. In determining CR-3 monthly operating expenses the following assignment and allocation procedures shall be used. (All account numbers refer to Uniform System of Accounts in effect at July 15, 1975 - Page Exh. B-4)
- B.1.1 Generation Expense - Excluding Fuel. These costs include all operation and maintenance expenses charged to Nuclear Power Generation Accounts 517 through 532 (excluding Fuel Expenses shown in Section B.1.8) applicable to CR-3 as recorded on COMPANY books or records. These include the costs of production supervision at the plant and an allocation of the cost of COMPANY power production and other support departments.
- B.1.2 Load Control and Dispatching. These expenses include allocation of portions of Account 556 and, if applicable, portions of Account 557. Allocations will be on the basis of MW capability or other appropriate work requirements of this department.
- B.1.3 Insurance. This includes all costs incurred by the COMPANY directly chargeable to Accounts 924 and 925. Costs for insurance on CR-3 described in Section 11 will be charged to CR-3 as incurred. Costs of claims associated with CR-3, not covered by insurance, will be charged to CR-3 expense. Other insurance costs, which include general insurance that covers CR-3, will be allocated with Administrative and General expenses in Section B.1.6. Costs of workmen's compensation and safety expenses in Account 925 will be allocated to CR-3 as appropriate or may be included in established COMPANY payroll loading and allocated with other employee benefits in Section B.1.4.
- B.1.4 Employee Benefits. These costs include all pensions and benefits costs incurred by the COMPANY and chargeable to Account 926, and also the portion of Account 925 which is a part of established COMPANY payroll loading and which is not allocated under Section B.1.3. These costs will be allocated to CR-3 on the basis of established COMPANY payroll loading for these costs times the COMPANY payroll included in above items B.1.1, B.1.2 and B.1.3.
- B.1.5 CR-3 Operating and Maintenance Ratio - Excluding Fuel. This is the ratio of CR-3 operation and maintenance costs determined in above Sections B.1.1, B.1.2, B.1.3 and B.1.4 to total COMPANY operating and maintenance expenses excluding Fuel (Section B.1.8) and the Administrative and General Expenses which are to be allocated in following Section B.1.6. This Operation and Maintenance ratio shall be based on 12-month average costs, updated each calendar quarter. During the first year of commercial operation, the ratio shall be based

upon the cumulative total of monthly expenses until a 12-month period is established.

- B.1.6 Allocation of Administrative and General Expenses - Excluding Insurance and Benefits. These costs include all costs incurred by the COMPANY and chargeable to Administrative and General Expenses, Accounts 920 through 932, excepting only Accounts 924, 926 and the portion of Account 925 which have been allocated or charged in above Section B.1.3 and B.1.4. The product of the total of these Section B.1.6 costs multiplied by the CR-3 ratio (Section B.1.5) shall be assigned to CR-3 expenses as other Administrative and General costs.
- B.1.7 Employee Benefits on Administrative and General Payroll Allocated to CR-3 in Section B.1.6. The product of the COMPANY payroll included in Administrative and General expenses allocated to CR-3 in Section B.1.6 times the established COMPANY payroll loading (Section B.1.4) shall be assigned to CR-3 as the Employee Benefits related to allocated Administrative and General expenses.
- B.1.8 Fuel. These costs include all amounts chargeable by the COMPANY to Accounts 501, 518 and 547. CR-3 fuel charges are the amounts in Account 518 charged on the COMPANY books of record for CR-3 under procedures established by the Uniform System of Accounts.
- B.1.9 Total Operating Expenses. Total of all COMPANY Operations and Maintenance Expenses and total of those expenses charged to CR-3.
- B.2 Payroll Taxes. These costs include F.I.C.A. (Social Security), Federal Unemployment, State Unemployment and other taxes that are directly related to Payroll and chargeable to Account 408. These costs will be allocated to CR-3 on the basis of established COMPANY payroll loading for these items, times the total COMPANY payroll charged to CR-3 in Section B.1 above.
- B.3 The following example sets forth the method to be employed by the COMPANY to determine the amounts of CR-3 Operating Costs. Figure shown are fictitious annual amounts in thousands of dollars and are only for illustration of the formula. For this illustration no adjustment has been made for amortization of advance payments.



**EXAMPLE OF PROCEDURE FOR DETERMINING  
CR-3 OPERATING COSTS**  
(\$ in thousands)

|       | System  |              | CR-3           |              |             |
|-------|---|--------------|----------------|--------------|-------------|
|       | <u>Payroll</u>  | <u>Total</u> | <u>Payroll</u> | <u>Total</u> |             |
| B.1.1 | Generation Expense<br>excluding Fuel<br>Purchased Power   | \$10,200     | \$19,500       | \$2,600      | \$5,000     |
|       |   |              | 31,000         |              |             |
| B.1.2 | Load Control and<br>Dispatching   | 170          | 180            | 26           | 30          |
|       | Transmission, Distribution,<br>Customer<br>Accounting & Sales Expenses  | 15,500       | 25,000         |              |             |
| B.1.3 | Insurance   |              |                |              |             |
|       | Property Insurance  | 50           | 1,500          | 28           | 850         |
|       | Liability Insurance and<br>Claims (Excluding General<br>Insurance Costs<br>Allocated in Sect. B.1.6<br>below) | 50           | 700            | 27           | 390         |
|       | Subtotal  | \$25,970     | \$77,880       | \$2,681      | \$6,270     |
| B.1.4 | Employee Benefits   |              | 6,000          |              | 544         |
|       | SUBTOTAL  |              | \$83,880 (2)   |              | \$6,814 (1) |
| B.1.5 | Crystal River #3 Ratio (1:2)  |              |                |              | 8.12%       |
| B.1.6 | Allocation of Total A & G<br>excluding Insurance and<br>Benefits charged above in<br>Section B.1.3            | 4,500        | 9,500          | 365          | 771         |
| B.1.7 | Employee benefits on A & G<br>Payroll allocated to CR-3   |              |                |              | 74          |
|       | SUBTOTAL  | \$30,470     |                | \$3,046      |             |
| B.1.8 | Fuel  |              | 210,000        |              | 9,600       |
| B.1.9 | TOTAL OPERATING EXPENSES  |              | \$303,380      |              | \$17,259    |
| B.2   | Payroll taxes   |              | 1,800          |              | 183         |
|       | TOTAL OPERATING EXPENSES & PAYROLL TAXES (CR-3)   |              |                |              | \$17,442    |
| B.3   | PARTICIPANTS' SHARE 10% - Per Year  |              |                |              | \$ 1,744    |
|       | - Per Month   |              |                |              | \$ 145      |

FEDERAL POWER COMMISSION - UNIFORM SYSTEM OF ACCOUNTS  
(Accounts in Effect at July 31, 1975)

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

1. POWER PRODUCTION EXPENSES

A. STEAM POWER GENERATION

Operation

- 500 Operation supervision and engineering.
- 501 Fuel.
- 502 Steam expenses.
- 503 Steam from other sources.
- 504 Steam transferred—Cr.
- 505 Electric expenses.
- 506 Miscellaneous steam power expenses.
- 507 Rents.

Maintenance

- 510 Maintenance supervision and engineering.
- 511 Maintenance of structures.
- 512 Maintenance of boiler plant.
- 513 Maintenance of electric plant.
- 514 Maintenance of miscellaneous steam plant.

B. NUCLEAR POWER GENERATION

Operation

- 517 Operation supervision and engineering.
- 518 Nuclear fuel expense.
- 519 Coolants and water.
- 520 Steam expenses.
- 521 Steam from other sources.
- 522 Steam transferred—Cr.
- 523 Electric expenses.
- 524 Miscellaneous nuclear power expenses.
- 525 Rents.

Maintenance

- 526 Maintenance supervision and engineering.
- 529 Maintenance of structures.
- 530 Maintenance of reactor plant equipment.
- 531 Maintenance of electric plant.
- 532 Maintenance of miscellaneous nuclear plant.

C. HYDRAULIC POWER GENERATION

Operation

- 536 Operation supervision and engineering.
- 536 Water for power.
- 537 Hydraulic expenses.
- 538 Electric expenses.
- 539 Miscellaneous hydraulic power generation expenses.
- 540 Rents.

Maintenance

- 541 Maintenance supervision and engineering.
- 542 Maintenance of structures.
- 543 Maintenance of reservoirs, dams and waterways.
- 544 Maintenance of electric plant.
- 545 Maintenance of miscellaneous hydraulic plant.

D. OTHER POWER GENERATION

Operation

- 546 Operation supervision and engineering
- 547 Fuel.
- 548 Generation expenses.
- 549 Miscellaneous other power generation expenses.
- 650 Rents.

Maintenance

- 551 Maintenance supervision and engineering.
- 552 Maintenance of structures.
- 553 Maintenance of generating and electric plant.
- 554 Maintenance of miscellaneous other power generation plant.

E. OTHER POWER SUPPLY EXPENSES

- 555 Purchased power.
- 556 System control and load dispatching.
- 557 Other expenses.

2. TRANSMISSION EXPENSES

Operation

- 560 Operation supervision and engineering.
- 561 Load dispatching.
- 562 Station expenses.
- 563 Overhead line expenses.
- 564 Underground line expenses.
- 565 Transmission of electricity by others.
- 566 Miscellaneous transmission expenses
- 567 Rents.

Maintenance

- 568 Maintenance supervision and engineering.
- 569 Maintenance of structures.
- 570 Maintenance of station equipment.
- 571 Maintenance of overhead lines.
- 572 Maintenance of underground lines.
- 573 Maintenance of miscellaneous transmission plant.

3. DISTRIBUTION EXPENSES

Operation

- 580 Operation supervision and engineering.
- 581 Load dispatching.
- 582 Station expenses.
- 583 Overhead line expenses.
- 584 Underground line expenses.
- 585 Street lighting and signal system expenses.
- 586 Meter expenses.
- 587 Customer installations expenses.
- 588 Miscellaneous distribution expenses
- 589 Rents.

Maintenance

- 590 Maintenance supervision and engineering.
- 591 Maintenance of structures.
- 592 Maintenance of station equipment.

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

- 593 Maintenance of overhead lines.
- 594 Maintenance of underground lines.
- 595 Maintenance of line transformers.
- 596 Maintenance of street lighting and signal systems.
- 597 Maintenance of meters.
- 598 Maintenance of miscellaneous distribution plant.

4. CUSTOMER ACCOUNTS EXPENSES

Operation

- 901 Supervision.
- 902 Meter reading expenses.
- 903 Customer records and collection expenses.
- 904 Uncollectible accounts.
- 905 Miscellaneous customer accounts expenses.

5. SALES EXPENSES

Operation

- 911 Supervision.
- 912 Demonstrating and selling expenses.
- 913 Advertising expenses.
- 916 Miscellaneous sales expenses.

6. ADMINISTRATIVE AND GENERAL EXPENSES

Operation

- 920 Administrative and general salaries.
- 921 Office supplies and expenses.
- 922 Administrative expenses transferred—Cr.
- 923 Outside services employed.
- 924 Property insurance.
- 925 Injuries and damages.
- 926 Employee pensions and benefits.
- 927 Franchise requirements.
- 928 Regulatory commission expenses.
- 929 Duplicate charges—Cr.
- 930 Miscellaneous general expenses.
- 931 Rents.

Maintenance

- 932 Maintenance of general plant.

Exh. B-4

EXHIBIT C-1

C-1.1 Statement of Cost of Construction attributable to CR-3 through May 31, 1975.

| <u>Cost of Construction at Crystal River:</u>      | <u>Total Amount</u>  |
|--|----------------------|
| Structures and Improvements                        | \$ 57,545,290        |
| Reactor Plant Equipment                            | 58,726,585           |
| Turbo-Generator Equipment                          | 34,425,922           |
| Accessory Electric Equipment                       | 19,151,632           |
| Misc. Power Plant Equipment & Unallocated Expenses | <u>44,284,460</u>    |
| Subtotal   | \$214,133,889        |
| <br><u>Other Costs of Construction:</u>            |                      |
| General Administrative Capitalized Costs           | \$ 663,987           |
| Engineering and Supervision                        | 9,748,080            |
| Allowance for Funds Used During Construction       | 67,834,665           |
| Engineering Services                               | <u>23,544,751</u>    |
| Total Work Order Charges                           | \$315,925,372        |
| <br><u>Other Costs Not Included Above:</u>         |                      |
| Nuclear Fuel                                       | \$ 30,196,732        |
| Substation Step-Up Transformers                    | 1,936,000 *          |
| Other Unallocated Costs                            | <u>-</u>             |
| Total Construction Charges                         | \$348,058,104        |
| Adjustments for External Facilities                | <u>(2,140,153) *</u> |
| Total Net Charges                                  | <u>\$345,917,951</u> |
| Amount Due from Participants (11% of above amount) | <u>\$ 38,050,975</u> |

\* Amounts are based on direct costs to date with an allocation of overhead charges. These amounts will be adjusted for future direct costs and final allocation of overheads.

C-1.2 Certificate of Cost of Construction accounts for CR-3  
through May 31, 1975

This is to certify that Florida Power Corporation accounts for  
Cost of Construction in accordance with the requirements of the  
Federal Power Commission Uniform System of Accounts as prescribed  
for Public Utilities and Licensees (Class A and Class B), as  
adopted by the Florida Public Service Commission. The amounts  
shown in the attached Statement of Crystal River Unit No. 3  
Cost of Construction as of May 31, 1975, amounting to \$345,917,951,  
are as recorded and entered on the Company records. To the best  
of our knowledge and belief, these costs are correct and are all  
attributable to Crystal River Unit No. 3 Cost of Construction.

R. R. Hayes  
R. R. Hayes  
Controller

June 13, 1975  
Date

EXHIBIT C-2

C-2.1 Statement of Cost of Construction attributable to  
CR-3 for month of June, 1975.

| <u>Cost of Construction at Crystal River:</u>      | <u>Total Amount</u> |
|--|---------------------|
| Structures and Improvements                        | \$ 6,226            |
| Reactor Plant Equipment                            | 222,950             |
| Turbo-Generator Equipment                          | 32,841              |
| Accessory Electric Equipment                       | 69,382              |
| Misc. Power Plant Equipment & Unallocated Expenses | <u>569,813</u>      |
| Subtotal   | \$ 901,212          |
| <br><u>Other Costs of Construction:</u>            |                     |
| General Administrative Capitalized Costs           | \$ 21,802           |
| Engineering and Supervision                        | 285,505             |
| Allowance for Funds Used During Construction       | 2,177,848           |
| Engineering Services                               | <u>191,123</u>      |
| Total Work Order Charges                           | \$3,577,490         |
| <br><u>Other Costs Not Included Above:</u>         |                     |
| Nuclear Fuel                                       | \$ 199,281          |
| Substation Step-Up Transformers                    | 204,906 *           |
| Land   | <u>18,860</u>       |
| Total Construction Charges                         | \$4,000,537         |
| Adjustments for External Facilities                | <u>-0- *</u>        |
| Total Net Charges                                  | <u>\$4,000,537</u>  |
| Amount Due from Participants (11% of above amount) | <u>\$ 440,059</u>   |

\* Amounts are based on direct costs to date with an allocation of overhead charges. These amounts will be adjusted for future direct costs and final allocation of overheads.



EXHIBIT C-3

C-3.1 Statement of estimated Cost of Construction attributable to CR-3 from July 1, 1975 through December 31, 1977, the forecast end of construction.

| <u>Estimated Cost of Construction at Crystal River</u> | (In Thousands)<br><u>Total Amount</u> |
|--|---------------------------------------|
| Structures and Improvements                            | \$ 8,078                              |
| Reactor Plant Equipment                                | 14,682                                |
| Turbo- Generator Equipment                             | 629                                   |
| Accessory Electric Equipment                           | 3,277                                 |
| Misc. Power Plant Equipment & Unallocated Expenses     | 16,204                                |
| Subtotal   | <u>\$ 42,870</u>                      |

Estimated Other Costs of Construction:

|  |                  |
|--|------------------|
| General Administrative Capitalized Costs     | 157              |
| Engineering and Supervision                  | 9,890            |
| Allowance for Funds Used During Construction | 0                |
| Engineering Services                         | 10,635           |
| Total Work Order Charges                     | <u>\$ 63,552</u> |

Amount Due from Participants (10% of above amount) \$ 6,355

Milestone Schedule - From NRC Report of May, 1975

|                                   |            |
|-----------------------------------|------------|
| Cold Hydrostatic Testing Complete | Jan. 1976  |
| Hot Functional Testing Complete   | April 1976 |
| Fuel Loading                      | May 1976   |
| Commercial Operation              | Sept. 1976 |

