

GENERAL MANAGER REGULAR ITEM #100493
NOVEMBER 18, 2010

**THIRD AMENDMENT TO
WHOLESALE ELECTRIC SERVICE CONTRACT**

THIS AMENDMENT, made this ____ day of _____, 2010, by and between the CITY OF ALACHUA, FLORIDA, a municipal corporation organized and existing under the laws of the State of Florida, herein referred to as "PURCHASER," and the CITY OF GAINESVILLE, FLORIDA, a municipal corporation organized and existing under the laws of the State of Florida d/b/a Gainesville Regional Utilities, herein referred to as "SELLER" and both PURCHASER and SELLER herein referred to as PARTY or PARTIES;

WITNESSETH:

WHEREAS, the parties hereto have entered into a CONTRACT FOR WHOLESALE ELECTRIC SERVICE, DATED October 2, 1992 , which was amended by AMENDMENT TO WHOLESALE ELECTRIC SERVICE CONTRACT, DATED October 29, 1998, and SECOND AMENDMENT TO WHOLESALE ELECTRIC SERVICE CONTRACT, DATED December 31, 2008 which together shall herein after be referred to as "CONTRACT"; AND

WHEREAS, the parties hereto desire to further amend the CONTRACT in order to make the revisions more fully described herein below.

NOW, THEREFORE, in consideration of the foregoing and of the mutual benefits to be obtained from the covenants stated, the parties agree as follows.

Part 1. Section 1 of the CONTRACT is hereby amended to read as follows:

SECTION 1. TERM OF CONTRACT.

The amended terms and conditions of the CONTRACT shall be effective on the 1st day of January 2011 at 12:01 A.M., and shall continue in effect for an initial term of ten (10) years subject to the termination options described in Exhibits 1 and 2. After said initial ten (10) year period, this AMENDMENT shall be automatically extended for up to three (3) succeeding periods of one (1) year each. This AMENDMENT may be canceled by either of the parties at the end of said initial ten (10) year period or at the end of any extension upon not less than twelve (12) month's written notice to the other party of intent to cancel.

Part 2. Section 5 of the CONTRACT is hereby amended to read as follows:

SECTION 5. SELLER AND PURCHASER FACILITIES.

The extension from SELLER'S 138,000 volt ("138 kV"), sixty (60) hertz, three (3) phase solidly grounded transmission facilities to PURCHASER'S Alachua No. 1 Substation site extends to the terminals on the line side of the transformer high voltage isolation switches at the Alachua No. 1 Substation, and is owned, operated, controlled, metered, protected and maintained by SELLER. This line extension is "loop" fed in nature. All required substation improvements will conform to SELLER's standards, except for the PURCHASER's wye delta transformation configuration, and as mutually agreed under a separate Operation and Maintenance Agreement, and will be provided by the SELLER at the PURCHASER's cost.

SELLER has a 12.4 kV metered distribution circuit adjacent to the Deerhaven Generating Station which once served PURCHASER'S distribution circuit to provide electrical energy to the Turkey Creek subdivision and adjacent developments at 12.4 kV. This point of connection and associated meter shall be referred to herein as the "Hague Point-of-Service", and is currently operable but disconnected. SELLER shall maintain the operability of the Hague Point of Service switch and meter as an emergency power feed to a portion of the PURCHASER's system through May 31, 2013. SELLER will provide PURCHASER with emergency service at the Hague Point of Service on a best efforts basis with no warranty as to available capacity.

PURCHASER shall, at its sole risk and expense, furnish, install and maintain all apparatus and equipment beyond the point of connection which is necessary for utilizing the energy to be supplied hereunder, and said installations shall be of such character as will not introduce undue and unnecessary disturbance to SELLER'S system.

In 1987, SELLER incurred expenses associated with construction of certain facilities at the Alachua No. 1 Substation. Such facilities are recognized to be integral to the operation and control of SELLER'S transmission system. Such facilities shall remain under the ownership, operation, and sole control of SELLER throughout the term of AMENDMENT. At the end of the initial term of AMENDMENT, or any subsequent extensions, the facilities owned by SELLER at

the Alachua No. 1 Substation will be purchased by PURCHASER. The SELLER shall continue to have sole and exclusive control of the operation, protection and maintenance of Circuit Breakers 1102 and 1106, and the 138 KV bus between these two circuit breakers for so long as Alachua No. 1 Substation remains connected to SELLER'S transmission system. PURCHASER will pay SELLER the fair and complete value for its investment in facilities at the Alachua No. 1 Substation (inclusive of equipment and materials within the Alachua No. 1 Control House previously excluded from sale), which value is hereby determined to be the sum of Sixty Four Thousand Dollars (\$64,000.00) if paid immediately on December 31, 2010. The balance payable to SELLER for SELLER'S investment in facilities at the Alachua No. 1 Substation shall be reduced by Thirty-Two Thousand Dollars (\$32,000) per year. Upon January 1, 2013 SELLER'S investment shall be paid in full. PURCHASER shall be solely responsible for the replacement, re-arrangement, upgrade, maintenance, and ultimate decommissioning of all these facilities unless otherwise agreed in writing.

Except as otherwise may be required under applicable federal or state law, SELLER may, in the exercise of its sole discretion, elect not to participate in any connection, interchange, or interconnection with third parties or with PURCHASER in any manner, should SELLER not remain as PURCHASER'S power supplier. Any subsequent changes in the 138,000 volt service arrangements which evolve shall be subject to the basic agreement herein stated. The provisions of this SECTION 5 of AMENDMENT shall survive the AMENDMENT.

Part 3. Section 6 of the CONTRACT is hereby amended to read as follows:

SECTION 6. OPERATING AND MAINTENANCE AGREEMENT.

SELLER and PURCHASER shall enter into and may from time to time amend a separate Operating and Maintenance Agreement whose term shall coincide with the term of this CONTRACT. The agreement will stipulate the terms, conditions and rates under which SELLER will operate and maintain some or all of PURCHASER'S facilities.

Part 4. Section 8 of the CONTRACT is hereby amended to read as follows:

SECTION 8. RATES FOR ELECTRIC POWER AND ENERGY DELIVERED.

PURCHASER shall pay SELLER at the following monthly rates for all electric power and energy delivered hereunder:

- A. CUSTOMER CHARGE \$ 300.00 per month
- B. DEMAND CHARGE:

Calendar Year	Maximum Monthly Demand Charge \$/kW-mo (2.5% escalation)
2010	\$7.00
2011	\$7.00
2012	\$7.18
2013	\$7.35
2014	\$7.54
2015	\$7.73
2016	\$7.92
2017	\$8.12
2018	\$8.32
2019	\$8.53
2020	\$8.74

The maximum monthly demand (kW) shall be determined by combining the recorded demand at each metering location during the same 30-minute interval, less PURCHASER'S combined generation allotment shares of the Crystal River No. 3 Nuclear Unit and the St. Lucie No. 1 and No. 2 Nuclear Units pursuant to SECTION 10 of the CONTRACT. The billing demand shall be determined pursuant to SECTION 8D of the CONTRACT.

- C. ENERGY CHARGE:

Calendar Year	\$/MWh (2.5% Escalation)
2010	\$5.32

2011	\$5.32
2012	\$5.45
2013	\$5.59
2014	\$5.73
2015	\$5.87
2016	\$6.02
2017	\$6.17
2018	\$6.32
2019	\$6.48
2020	\$6.64

The monthly energy shall be the energy delivered by SELLER, net of energy actually delivered from PURCHASER'S combined generation allotment shares from the Crystal River No. 3 Nuclear Unit and the St. Lucie No. 1 and No. 2 Nuclear Units, pursuant to SECTION 10 of the CONTRACT.

D. BILLED DEMAND

The demand to be billed shall be the maximum integrated thirty (30) minute metered kW demand in the month, provided, however, that whenever the power factor is less than ninety five percent (95%) lagging during any month, the demand for that month shall be determined upon the basis of ninety five percent (95%) of the metered kilovolt amperes (kVA) demand. The power factor shall be based on actual measured KW and kVA at the time of the highest metered kW in that billing month.

E. FUEL CHARGE

A fuel charge shall be applied to each megawatt hour or fraction thereof supplied by SELLER. The fuel charge will be established prior to the start of any billing month and applied to any energy provided by SELLER during that month. Billing months shall correspond to calendar months. The fuel charge will be the arithmetic sum of 0.50 times SELLER'S retail fuel adjustment plus 0.50 times the NYMEX price of natural gas multiplied times SELLER's contract heat rate. The following formula will be used each month to determine the fuel price charged to PURCHASER for energy delivered net of PURCHASER'S delivered nuclear energy:

$$\text{SRFC} \times 0.50 + \text{HRF} \times \text{NYMEX} \times 0.50 = \text{PFC}$$

Where:

SRFC = SELLER'S Retail Fuel Adjustment in mills per kWh (1/1000 of a dollar per kWh), as calculated per City of Gainesville Code of Ordinances, Chapter 27, Section 27-28, multiplied by 1,000 to yield dollars per MWh.

HRF = Heat Rate of 11.0 MMBtu/MWh applied under this AMENDMENT.

NYMEX = the average daily closing price for natural gas at the Henry Hub quoted by NYMEX (New York Mercantile Exchange) for the last three trading days of the delivery (or prompt) month contract in dollars per MMBtu established at the close of the month preceding the billing month. This value will be rounded to the nearest whole cent per MMBtu.

PFC = PURCHASER'S Fuel Charge in dollars per MWh rounded to the nearest whole cent.

F. TAX ADJUSTMENT

The rates provided herein shall be adjusted to include the applicable proportionate part of any taxes or assessments imposed by any governmental authority in excess of those in effect on the effective date of this AMENDMENT, whether levied on the basis of fuels, meters or customers or the price of or revenue or income from electric energy or service sold or the volume of energy generated or purchased for sale or sold, or otherwise.

G. HAGUE POINT OF SERVICE

Energy and demand delivered through the Hague Point of Service on an emergency basis shall be metered and applied for billing purposes as described in Subsections B, C, D, E, and F with the addition of 2.0% to compensate for additional losses incurred by delivery over the 12.4 kV distribution system.

H. CHANGE IN LAW

Should the laws or regulations of the United States of America or the state of Florida change

such that the cost for GRU to serve the City of Alachua is materially altered, GRU shall notify the City of Alachua of its desire to reopen the pricing elements of this AMENDMENT. If within 75 working days of this notification, mutually agreeable terms and conditions are not met, GRU may notify the City of Alachua in writing of its intent to terminate the CONTRACT within a period of no less than twelve (12) months. This option is separate and distinct from the option described in Exhibit 2.

Part 5. A new Section 23 of the CONTRACT is hereby added to read as follows:

SECTION 23. NERC COMPLIANCE OPTION

PURCHASER shall have the option to assign certain responsibilities for compliance with the standards and requirements of the Florida Reliability Coordinating Council, Inc. (FRCC) and the North American Electric Reliability Corporation (NERC) pursuant to Exhibit 3 of this AMENDMENT. This option may be exercised with 60 days written notice to SELLER, provided that neither party has notified the other of their intent to exercise their options under Exhibit 1 or Exhibit 2.

Part 6. Except as hereby amended, all other provisions of the CONTRACT remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this AMENDMENT to the CONTRACT to be executed by their duly authorized officers or agents, and a duplicate original delivered to each party, as of the day and year first above stated. The execution of this AMENDMENT shall be subject to the approval of the governing boards of SELLER and PURCHASER. The effective date of this AMENDMENT shall be the date first written above, which shall be the date when the AMENDMENT has been executed by all of the Parties.

CITY OF ALACHUA, FLORIDA

By _____

Traci Cain
City Manager

Approved as to form and legality:

Marian Rush
City Attorney
City of Alachua

CITY OF GAINESVILLE, FLORIDA

By _____

Robert E. Hunzinger
General Manager for Utilities

Approved as to form and legality:

Raymond O. Manasco, Jr.
Utilities Attorney
City of Gainesville

EXHIBIT 1
PURCHASER'S OPTION TO REOPEN PRICING

The purpose of this provision is to provide PURCHASER with a one time option to reopen the pricing elements of this CONTRACT but only after five (5) years have elapsed after the terms and conditions of this AMENDMENT have gone into effect. To exercise this option PURCHASER shall notify SELLER in writing of its intent to re-open the pricing elements contained in Section 8, Rates for Electric Power and Energy Delivered, and/or Section 23, NERC Compliance Services. This notification must specifically provide the new prices, pricing elements, or pricing formulas ("Pricing") that the PURCHASER is requesting. It is the intent of both parties to have their respective staff work together and negotiate Pricing to the mutual satisfaction of both parties. If mutually agreeable Pricing is not met within 75 working days of the written notice of intent to re-open, PURCHASER shall have the option of notifying SELLER that the CONTRACT will be terminated with no less than 12 months written notice.

EXHIBIT 2
SELLER'S OPTION TO REOPEN PRICING

The purpose of this provision is to provide SELLER with a one time option to reopen the pricing elements of this CONTRACT but only after five (5) years have elapsed after the terms and conditions of this AMENDMENT have gone into effect. To exercise this option SELLER shall notify PURCHASER in writing of its intent to re-open the pricing elements contained in Section 8, Rates for Electric Power and Energy Delivered, and/or Section 23, NERC Compliance Services. This notification must specifically provide the new prices, pricing elements, or pricing formulas ("Pricing") that the SELLER is requesting. It is the intent of both parties to have their respective staff work together and negotiate Pricing to the mutual satisfaction of both parties. If mutually agreeable Pricing is not met within 75 working days following the written notice of intent to re-open, SELLER shall have the option of notifying PURCHASER that the CONTRACT will be terminated with no less than 12 months written notice.

EXHIBIT 3
OPTION TO ASSIGN NERC COMPLIANCE

PURCHASER shall have the option of taking delivery of electrical energy from SELLER at a distribution system voltage level and assigning certain responsibilities as may be incumbent upon PURCHASER for compliance with FRCC and NERC Reliability Standards to SELLER according to the provisions contained in this Exhibit 3. Upon written notification that PURCHASER wishes to exercise this option:

1. SELLER will further extend its 138 kV system into the Alachua No. 1 Substation by purchasing the two existing transformers and associated high side switches and equipment from PURCHASER for a price of \$1.00 to allow electrical energy to be delivered at 12.4 kV. This will result in the Alachua No. 1 Substation point of connection being moved from the line side of the transformer's high voltage isolation switches to the bushing terminals connected to PURCHASER's 12.4 kV distribution system. SELLER will sell this equipment back to the PURCHASER for the same price when this CONTRACT terminates.

2. PURCHASER will assign, and SELLER, as a Balancing Authority, Distribution Provider, Generation Owner, Generation Operator, Interchange Authority, Load Serving Entity, Planning Authority, Resource Planner, Transmission Owner, Transmission Operator and Transmission Planner registered with the North American Electric Reliability Corporation (NERC), will accept all responsibilities incumbent upon PURCHASER for compliance with the under frequency relaying standards and requirements assigned to Distribution Providers by FRCC and NERC. This assignment will be made pursuant to and subject to Section III(b) of the NERC Statement of Compliance Registry Criteria (Revision 5) and as listed in Table 1 of Exhibit 3, provided that:

- A. SELLER recommended maintenance, repair and capital improvement initiatives are approved and funded by PURCHASER in a timely manner (138 kV and 12.4 kV infrastructure), and
- B. PURCHASER shall ensure that all equipment and components subject to the NERC operating standards and owned by PURCHASER are made available to SELLER for inspection, test, maintenance and/or repair in a timely manner.

3. SELLER shall (a) register with the FRCC and/or NERC as required on behalf of PURCHASER, (b) monitor and certify PURCHASER's compliance with the applicable Reliability Standards as listed in Exhibit 3, and (c) pay penalties, fines, or other costs imposed by the FRCC, NERC, or FERC arising from non-compliance on PURCHASER's behalf with the applicable Reliability Standards, to be reimbursed by PURCHASER.

4. PURCHASER will authorize SELLER to register with FRCC and appear before the FRCC, NERC, or FERC, and before courts of competent jurisdiction of behalf of PURCHASER with respect to PURCHASER's compliance with the applicable Reliability Standards, including with respect to, but not limited to, any inquiries, audits, investigations, penalties, sanctions, or remedial action directives.

5. PURCHASER shall follow SELLER's instructions for complying with the applicable Reliability Standards and shall otherwise cooperate with and assist SELLER in matters pertaining to compliance with the applicable Reliability Standards. PURCHASER's duty to cooperate with and assist SELLER in SELLER's performance of SELLER's obligations under this Agreement shall include, without limitation, the obligations to (a) exchange information related to compliance with the applicable Reliability Standards, and (b) to provide books, records, and other information as to PURCHASER's actions and inactions for purposes of responding to any inquiries, audits, investigations, enforcement actions, or claims from the FRCC, NERC, or FERC and/or other entities relating to compliance with the applicable Reliability Standards.

6. SELLER shall be entitled to recover from PURCHASER any penalties, fines, or claims (whether imposed by the FRCC, NERC, or FERC) or other related costs, including costs for SELLER to defend itself or PURCHASER (referred to in the aggregate as "SELLER Costs"), resulting or arising from possible, alleged, or actual non-compliance with the applicable Reliability Standards. Such SELLER Costs may include a reasonable allocation to PURCHASER due to increased penalties and fines as a result of prior violations attributable to PURCHASER. Notwithstanding this section, SELLER shall not be entitled to recover such SELLER Costs to the extent they result solely from intentional wrongdoing or gross negligence of SELLER without any contributory involvement, action, or inaction by PURCHASER. Nothing in this section shall serve to modify, limit, restrict, or prejudice in any way SELLER's rights or

abilities to recover costs from PURCHASER pursuant to some other arrangement or agreement between SELLER and PURCHASER, such as, but not limited to, this CONTRACT.

In compensation for these services, SELLER shall be entitled to a monthly payment of \$1,750.00.

TABLE 1 OF EXHIBIT 3
 UNDER FREQUENCY FRCC AND NERC RELIABILITY STANDARDS
 ASSOCIATED WITH DISTRIBUTION PROVIDERS

Std. Number	Requirement Numbers	Name of Standard	Description
FAC-002-0	R1 – R5	Coordination of Plans for New Facilities	(Facilities)- This standard is applicable to the high voltage connected Distribution Provider, not a distribution connected entity.
PRC-005-1	R1, R1.1, R1.2, R2, R2.1, R2.2	Transmission and Generation Protection System Maintenance and Testing	(Protection, Relays, Controls)- This standard applies to a high voltage connected Distribution Provider, not a distribution connected entity.
PRC-007-0	R1, R2, R3	Assuring Consistency with Regional Underfrequency Load Shedding (UFLS) Program Requirements	(Protection, Relays, Controls)- The Distribution Provider (DP) shall ensure that its UFLS program is consistent with the Regional program. The DP shall annually document and update the Regional underfrequency database and report to the Region upon request.
PRC-008-0	R1, R2	Underfrequency Load Shedding Equipment Maintenance Programs	(Protection, Relays, Controls)- The DP shall have an under frequency load shedding (UFLS) equipment maintenance and testing program including equipment ID's, test and maintenance schedules. The DP shall implement said program and report results to the Region upon request.
PRC-009-0	R1, R1.1, R1.2, R1.3, R1.4, & R2	UFLS Performance Following an Underfrequency Event	(Protection, Relays, Controls)- The DP shall analyze and document its UFLS program performance following frequency excursion events and report to the Region within 90 days after the system event.

Source: North America Electric Reliability Corporation (NERC) Reliability Standards for the Bulk Electric Systems in North America as approved by the NERC Board of Trustees Effective April 1, 2005.
http://www.nerc.com/files/Reliability_Standards_Complete_Set.pdf