

**AMENDMENT TO  
WHOLESALE ELECTRIC SERVICE CONTRACT**

THIS AMENDMENT, made this \_\_\_\_ day of \_\_\_\_\_, 2008, 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, herein referred to as "SELLER";

**WITNESSETH:**

WHEREAS, the parties hereto have entered into a CONTRACT FOR WHOLESALE ELECTRIC SERVICE, DATED October 2, 1992 (CONTRACT); AND

WHEREAS, the parties hereto desire to 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 2009 at 12:01 A.M., and shall continue in effect for an initial term of two (2) years. After said initial two (2) 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 two (2) year period or at the end of any extension upon not less than six (6) month's written notice to the other party of intent to cancel.

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

SECTION 2. AVAILABILITY.

Wholesale electric service and nuclear generation support service under the terms of AMENDMENT shall be provided only to the Alachua No. 1 Substation, and may be provided at such additional points of service as may hereafter be established by written agreement between the parties.

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

**SECTION 3. OBLIGATION TO SUPPLY AND OBLIGATION TO RECEIVE.**

Subject to the terms and conditions of this AMENDMENT, SELLER shall sell and deliver and PURCHASER shall purchase and receive from SELLER, PURCHASER'S entire electrical requirements (now or hereafter required, excluding such energy entitlements PURCHASER may have in Crystal River 3 and St. Lucie plants) at the Alachua No. 1 Substation and at such additional Points-of-Service as may hereafter be established by mutual agreement between the parties for PURCHASER'S use and for resale.

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

**SECTION 4. CHARACTERISTICS OF SUPPLY.**

SELLER shall furnish electrical energy to the delivery points from its transmission system with the following characteristics: 1) Alachua No. 1 Substation - Nominal one hundred thirty-eight thousand (138,000) volts, sixty (60) hertz frequency, three (3) phase solidly grounded wye, alternating current; 2) At such additional Points-of-Service as may hereafter be established by mutual agreement between the parties at a nominal one hundred thirty-eight thousand (138,000) volts, sixty (60) hertz frequency, three (3) phase, solidly grounded wye, alternating current, or at such other voltages as the parties may agree.

Part 5. 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 transmission facilities to PURCHASER'S Alachua No. 1 Substation site was constructed to the terminals on the line side of the transformer 138KV 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. This point of connection shall be referred to herein as "The Alachua No. 1 Substation".

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 One Hundred Twenty-Eight Thousand Dollars (\$128,000) if paid immediately at the end of the initial AMENDMENT term (December 31, 2010). If the AMENDMENT is extended beyond the initial term, 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 for each year the AMENDMENT is extended. 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 6. Section 6 of the CONTRACT is hereby amended to read as follows:

SELLER and PURCHASER shall enter into a new "Operating and Maintenance Agreement" for the Alachua No 1 Substation by March 1, 2009.

Part 7. 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

\$7.00 per kW per month. The maximum monthly demand (kW) shall be determined by combining the recorded demand at each metering location during the same 15-minute interval, less PURCHASER'S combined coincident 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

\$5.32 per MWh or fraction thereof. The monthly energy shall be the energy delivered by SELLER, less 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 fifteen (15) minute metered kW demand in the month, provided, however, that whenever the power factor is less than ninety percent (90%) lagging during any month, the demand for that month shall be determined upon the basis of ninety percent (90%) 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.

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 based on 0.50 times SELLER'S retail fuel adjustment plus 0.50 times the prospective price of natural gas multiplied times SELLER's effective 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. Note that SELLER'S retail fuel adjustment does not include 6.5 mills of fuel cost that is included in GRU's retail energy base rates.

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

NYMEX = NYMEX (New York Mercantile Exchange) closing price for natural gas for the subsequent (prompt) month in dollars per MMBtu established at the close of the month preceding the billing month.

PFC = PURCHASER'S Fuel Charge in dollars per MWh.

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 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.

Part 8. Section 9 of the CONTRACT is hereby amended to read as follows:

**SECTION 9.            PROVISION FOR RATE CHANGES FOR ELECTRIC  
POWER, ENERGY, AND NUCLEAR CAPACITY  
SERVICE DELIVERED.**

Rates and Charges herein shall remain fixed through the initial term of the contract amendment. Rates and Charges beyond the initial term will be negotiated by the parties. The demand charge under Section 8B shall include all costs for wheeling or backing up any energy from the share of nuclear capacity owner by PURCHASER in Crystal River Unit 3 or St. Lucie 2 as of the time this CONTRACT was entered into.

Part 9. Section 11 of the CONTRACT is hereby amended to read as follows:

**SECTION 11. SERVICE CHARGE FOR PURCHASER'S NUCLEAR CAPACITY.**

There shall be not additional service charge associated with PURCHASER'S generation allotment shares in the Crystal River No. 3 Nuclear Unit (CR3) and the St. Lucie No. 1 and St. Lucie No. 2 Nuclear Units (SL1 and SL2).

Part 10. Section 12 of the CONTRACT is hereby amended to read as follows:

**SECTION 12. PAYMENT.**

Payment for all services rendered hereunder to the Alachua No. 1 Substation, and any additional Point-of-Service which shall hereafter be added, shall be made monthly upon submission of a single combined invoice by SELLER. Payment shall be made to SELLER within thirty (30) days from the date the invoice is postmarked.

Invoices not paid within thirty (30) days of the date of the postmark shall be deemed delinquent and shall then accrue interest daily at the rate of seven and one-half percent (7.5%) per annum.

In the event any portion of any invoice is disputed, the invoiced amount shall be payable when due and the payment shall be accompanied by a written description of the dispute. The parties shall then cooperate to resolve the dispute.. Upon determination of the correct amount, the differences shall be settled promptly among the parties as appropriate.

Part 11. A new Section 21 shall be added to read to read as follows:

**SECTION 21. HEDGING AND CONSERVATION SERVICES.**

PURCHASER may choose to hedge the portion of its fuel charge corresponding to the NYMEX price of natural gas through the use of over financial instruments such as futures or options contracts. At PURCHASER's request, SELLER will cause to have executed the positions requested and will post and maintain the necessary margin amounts with its brokers, and will provide monthly mark to market reports to allow the purchaser to monitor its' financial positions. Gains or losses from such hedges for the billing month shall be determined upon the NYMEX close at the end of each month and applied toPURCHASER's invoice for the billing month. SELLER will not execute hedges for volumes of gas in excess of the amount of gas required to serve 50% of PURCHASER's expected energy requirements in any given month, nor will SELLER execute hedges for energy requirements for months outside of either the initial term or subsequent term extensions. No hedges will be executed by SELLER on behalf of PURCHASER under this section without a written order accepting all risks of changes in the natural gas market price.

Part 12. 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.

**CITY OF ALACHUA, FLORIDA**

By \_\_\_\_\_

Clovis Watson  
City Manager

**CITY OF GAINESVILLE, FLORIDA**

By \_\_\_\_\_

Robert E. Hunzinger  
General Manager, Utilities

Approved as to form and legality:

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