



## Legislation Text

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### Crystal River Unit 3 Participation Agreement (B)

The City of Gainesville pursuant to the Participation Agreement dated July 31, 1975, between the City, Florida Power Corporation (FPC) and ten other public entities (the Agreement), including the City of Tallahassee, is the owner of a fractional (1.4079%) ownership interest in the Crystal River Unit 3 nuclear generating unit. Under Section 9.2 of the Agreement each participant has the right of first refusal enabling it in a stated 100 day period to (a) match any offer to purchase the ownership interest of another participant under the same terms and conditions, and (b) purchase a portion of such interest based upon its existing percentage ownership interest. The City of Tallahassee has entered into an agreement with FPC to transfer Tallahassee's ownership interest to FPC and has requested that the other participants waive their rights under Section 9.2. Tallahassee has provided a form Acknowledgment and Waiver (copy attached) for that purpose.

Your utilities' staff have reviewed this matter, have concluded there is no valid reason not to accommodate the request of Tallahassee and are recommending that the Commission authorize the Mayor and Clerk to execute the Acknowledgment and Waiver waiving the City's right of first refusal under Section 9.2 of the Agreement.

The City of Gainesville was given a similar opportunity to sell its interest in CR3 but, after vigorous negotiations, was unable to reach agreement with FPC upon terms and conditions that were in the best interest of the City. Among the unresolved issues were that the sale of our interest was conditioned upon the continuing obligation to purchase 12 MW of FPC system power at an unfavorable price and continuing responsibility for substantial financial risks associated with the nuclear decommissioning costs and spent fuel disposal. We have, however, left the door open for further negotiations.

The City Commission authorize the Mayor and Clerk of the Commission to execute the Acknowledgment and Waiver submitted by the City of Tallahassee in order to waive the rights of the City of Gainesville of first refusal under Section 9.2 of the Participation Agreement dated July 31, 1975, as such rights relate to the transfer of the City of Tallahassee's ownership interest in Crystal River Unit No. 3 to Florida Power Corporation.

Since FPC by accepting the transfer of the ownership interest of the City of Tallahassee assumes the obligations of Tallahassee under the Participation Agreement, there should be no fiscal impact to the City of Gainesville or the other participants.

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General Manager