TAB 1
City of Palmetto
Agenda Item

Meeting Date
2/22/11
Workshop

Presenter: Jim Freeman    Department: City Hall
Title: FPL Franchise Agreement and Renewable Energy Contract Discussion

As you know, the FPL franchise agreement between the City and FPL is set to expire on March 3, 2011. Both FPL and the City have made several changes to the initial franchise renewal document and the most recent version is attached for your review. As part of this workshop we hope to resolve any outstanding issues with the FPL franchise agreement before it moves forward for public hearing on 2/28/11.

In addition to the FPL franchise agreement, you have asked about entering into a renewable energy and efficiency agreement similar to the agreement signed by the City of Sarasota. Attached you will find a summary of this plan along with the fully executed contract between the City of Sarasota and FPL. After reviewing the renewable and energy efficient contract between FPL and the City of Sarasota, I have made some recommendations as to similar provisions that the City of Palmetto may want to consider (see attached). Feel free to add or delete items as you see fit, but this will provide a baseline for discussion.

FPL has indicated that the renewable and energy efficient contract is outside of the scope of the FPL franchise agreement and can be negotiated separately on a different timeline. FPL intends to negotiate in good faith to secure a renewable and energy efficient agreement between FPL and the City even after a new franchise agreement is signed. I expect FPL would work diligently to uphold that commitment and we do not have any reason to believe otherwise. However, once a 30 year franchise is in place, any leverage the City might have would be reduced as the franchise would already be in place.

Additional Budgetary Information:

Funding Source(s): Sufficient Funds Available: □ Yes □ No
Budget Amendment Required: □ Yes □ No
Source:

City Attorney Reviewed: X□ Yes □ No □ N/A
Advisory Board Recommendation: □ For □ Against □ N/A
Consistent With: □ Yes □ No □ N/A

Potential Motion/Direction Requested:

Staff Contact: Jim Freeman

Attachments: Proposed Franchise Agreement, Financial Worksheet, Summary of Renewable Energy Agreement (Sarasota), Renewable Agreement (Sarasota), Items to consider for Palmetto's renewable agreement.
ORDINANCE NO. 2011-03

AN ORDINANCE GRANTING TO FLORIDA POWER & LIGHT COMPANY, ITS SUCCESSORS AND ASSIGNS, AN ELECTRIC FRANCHISE, IMPOSING PROVISIONS AND CONDITIONS RELATING THERETO, PROVIDING FOR MONTHLY PAYMENTS TO THE CITY OF PALMETTO, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Palmetto, Florida recognizes that the City of Palmetto and its citizens need and desire the continued benefits of electric service; and

WHEREAS, the provision of such service requires substantial investments of capital and other resources in order to construct, maintain and operate facilities essential to the provision of such service in addition to costly administrative functions, and the City of Palmetto does not desire to undertake to provide such services; and

WHEREAS, Florida Power & Light Company (FPL) is a public utility which has the demonstrated ability to supply such services; and

WHEREAS, there is currently in effect a franchise agreement between the City of Palmetto and FPL, the terms of which are set forth in City of Palmetto Ordinance No. 114, passed and adopted March 2, 1981, and FPL’s written acceptance thereof dated March 3, 1981 granting to FPL, its successors and assigns, a thirty (30) year electric franchise ("Current Franchise Agreement"); and

WHEREAS, FPL and the City of Palmetto desire to enter into a new agreement (New Franchise Agreement) providing for the payment of fees to the City of Palmetto in exchange for the nonexclusive right and privilege of supplying electricity and other services...
within the City of Palmetto free of competition from the City of Palmetto, pursuant to certain
terms and conditions, and

WHEREAS, the City Council of the City of Palmetto deems it to be in the best
interest of the City of Palmetto and its citizens to enter into the New Franchise Agreement
prior to expiration of the Current Franchise Agreement;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY
OF PALMETTO, FLORIDA:

Section 1. There is hereby granted to Florida Power & Light Company, its
successors and assigns (hereinafter called the "Grantee"), for the period of 30 years from
the effective date hereof, the nonexclusive right, privilege and franchise (hereinafter called
"franchise") to construct, operate and maintain in, under, upon, along, over and across the
present and future roads, streets, alleys, bridges, easements, rights-of-way and other public
places (hereinafter called "public rights-of-way") throughout all of the incorporated areas, as
such incorporated areas may be constituted from time to time, of the City of Palmetto,
Florida, and its successors (hereinafter called the "Grantor"), in accordance with the
Grantee's customary practice with respect to construction and maintenance, electric light
and power facilities, including, without limitation, conduits, poles, wires, transmission and
distribution lines, and all other facilities installed in conjunction with or ancillary to all of the
Grantee's operations (hereinafter called "facilities"), for the purpose of supplying electricity
and other services to the Grantor and its successors, the inhabitants thereof, and persons
beyond the limits thereof.
Section 2-2(a). The facilities of the Grantee shall be installed, located or relocated so as to not unreasonably interfere with traffic over the public rights-of-way or with reasonable egress from and ingress to abutting property.

(b) To avoid conflicts with traffic, the location or relocation of all facilities shall be made as representatives of the Grantor may prescribe in accordance with the Grantor's reasonable rules and regulations with reference to the placing and maintaining in, under, upon, along, over and across said public rights-of-way; provided, however, that such rules or regulations:

(a) shall not prohibit the exercise of the Grantee's right to use said public rights-of-way for reasons other than unreasonable interference with motor vehicular traffic,

(b) shall not unreasonably interfere with the Grantee's ability to furnish reasonably sufficient, adequate and efficient electric service to all of its customers, and (c)

(iii) shall not require the relocation of any of the Grantee's facilities installed before or after the effective date hereof in public rights-of-way unless or until widening or otherwise changing the configuration of the paved portion of any public right-of-way used by motor vehicles causes such installed facilities to unreasonably interfere with motor vehicular traffic.

(c) Such rules and regulations shall recognize that above-grade facilities of the Grantee installed after the effective date hereof should be installed near the outer
boundaries of the public rights-of-way to the extent possible and such installation shall comply with the Florida Department of Transportation's Manual of Uniform Minimum Standards for Design, Construction and Maintenance for Streets and Highways.

(d). When any portion of a public right-of-way is excavated by the Grantee in the location or relocation of any of its facilities, the portion of the public right-of-way so excavated shall within a reasonable time be replaced and as early as practicable after such excavation be restored by the Grantee at its expense and in as good condition as it was at the time of such excavation.

(e). The Grantor shall not be liable to the Grantee for any cost or expense in connection with any relocation of the Grantee’s facilities required under subsection (eb)(iii) of this Section, except, however, the Grantee shall be entitled to reimbursement of its costs from others and as may be provided by law.

Section 3. The Grantor shall in no way be liable or responsible for any accident or damage that may occur in the construction, operation or maintenance by the Grantee of its facilities hereunder, and the acceptance of this ordinance shall be deemed an agreement on the part of the Grantee to indemnify the Grantor and hold it harmless against any and all liability, loss, cost, damage or expense, including Grantor’s reasonable attorneys’ fees and costs incurred in defending itself against any such claims which may be asserted against Grantor by others, which may accrue to the Grantor by reason of the negligence, default or misconduct of the Grantee in the construction, operation or maintenance of its facilities hereunder.

Section 4. All rates and rules and regulations established by the Grantee from time to time shall be subject to such regulation as may be provided by law.
Section 5.5(a). As a consideration for this franchise, the Grantee shall pay to the Grantor, commencing 90 days after the effective date hereof, and each month thereafter for the remainder of the term of this franchise, an amount which added to the amount of all licenses, excises, fees, charges and other impositions of any kind whatsoever (except ad valorem property taxes and non-ad valorem tax assessments on property) levied or imposed by the Grantor against the Grantee’s property, business or operations and those of its subsidiaries during the Grantee’s monthly billing period ending 60 days prior to each such payment will equal 5.96.0 percent of the Grantee’s billed revenues, less actual write-offs, from the sale of electrical energy to residential, commercial and industrial customers (as such customers are defined by FPL’s tariff) within the incorporated areas of the Grantor for the monthly billing period ending 60 days prior to each such payment, and in no event shall payment for the rights and privileges granted herein exceed 5.96.0 percent of such revenues for any monthly billing period of the Grantee. **Grantee shall continue to receive franchise payments under the Current Franchise Agreement through the effective date of this New Franchise Agreement and during the period between the effective date of this New Franchise Agreement and the first payment hereunder.**

The Grantor understands and agrees that such revenues as described in the preceding paragraph are limited, as in the existing franchise Ordinance No. 114, to the precise revenues described therein, and that such revenues do not include, by way of example and not limitation: (a) revenues from the sale of electrical energy for Public Street and Highway Lighting (service for lighting public ways and areas); (b) revenues from Other Sales to Public Authorities (service with eligibility restricted to governmental entities); (c) revenues from Sales to Railroads and Railways (service supplied for propulsion of electric
transit vehicles); (d) revenues from Sales for Resale (service to other utilities for resale purposes); (e) franchise fees; (f) Late Payment Charges; (g) Field Collection Charges; (h) other service charges.

Section 5(b). If during the term of this franchise the Grantee enters into a franchise agreement with any other municipality located in Manatee County or Sarasota County, Florida, where the number of Grantee's active electrical customers is equal to or less than 15,000, the terms of which provide for the payment of franchise fees by the Grantee at a rate greater than 6.0% of the Grantee's residential, commercial and industrial revenues (as such customers are defined by FPL's tariff), under the same terms and conditions as specified in Section 5 hereof, the Grantee upon written request of the Grantor, shall negotiate and enter into a new franchise agreement with the Grantor in which the percentage to be used in calculating monthly payments under Section 5 hereof shall be no greater than that percentage which the Grantee has agreed to use as a basis for the calculation of payments to the other Manatee County or Sarasota County municipality, provided, however, that such new franchise agreement shall include additional benefits to the Grantee, in addition to all benefits provided herein, at least equal to those provided by its franchise agreement with the other Manatee County or Sarasota County municipality.

Section 6. As a further consideration, during the term of this franchise or any extension thereof, the Grantor agrees: (a) not to engage in the distribution and/or sale, in competition with the Grantee, of electric capacity and/or electric energy to any ultimate consumer of electric utility service (herein called a "retail customer") or to any electrical distribution system established solely to serve any retail customer formerly served by the Grantee, (b) not to participate in any proceeding or contractual arrangement, the purpose or
terms of which would be to obligate the Grantee to transmit and/or distribute, electric
capacity and/or electric energy from any third party(ies) to any other retail customer's
facility(ies), and (c) not to seek to have the Grantee transmit and/or distribute electric
capacity and/or electric energy generated by or on behalf of the Grantor at one location to
the Grantor's facility(ies) at any other location(s). Nothing specified herein shall prohibit the
Grantor from engaging with other utilities or persons in wholesale transactions which are
subject to the provisions of the Federal Power Act.

or from utilizing generators and/or other electricity or energy-generating equipment during emergency situations. Nothing specified herein shall prohibit the Grantee from (i) generating electric capacity and/or energy at any facility owned by the Grantor for storage or utilization at that facility; (ii) using renewable energy sources to generate electric capacity and/or energy for use in
demonstration projects or at Grantor's facilities; or (iii) selling such generated electric
capacity and/or energy to Grantee or other wholesale purchases in compliance with
applicable tariffs and/or federal or state laws, rules and regulations governing such
transactions.

Nothing herein shall prohibit the Grantor, if permitted by law, (i) from purchasing
electric capacity and/or electric energy from any other person, or (ii) from seeking to have
the Grantee transmit and/or distribute to any facility(ies) of the Grantor electric capacity
and/or electric energy purchased by the Grantor from any other person; provided,
however, that before the Grantor elects to purchase electric capacity and/or electric energy
from any other person, the Grantor shall notify the Grantee. Such notice shall include a
summary of the specific rates, terms and conditions which have been offered by the other
person and identify the Grantor's facilities to be served under the offer. The Grantee shall
thereafter have 90 days to evaluate the offer and, if the Grantee offers rates, terms and conditions which are equal to or better than those offered by the other person, the Grantor shall be obligated to continue to purchase from the Grantee electric capacity and/or electric energy to serve the previously-identified facilities of the Grantor for a term no shorter than that offered by the other person. If the Grantee does not agree to rates, terms and conditions which equal or better the other person's offer, all of the terms and conditions of this franchise shall remain in effect.

Section 7. If the Grantor grants a right, privilege or franchise to any other person or otherwise enables any other such person to construct, operate or maintain electric light and power facilities within any part of the incorporated areas of the Grantor in which the Grantee may lawfully serve or compete on terms and conditions which the Grantee determines are more favorable than the terms and conditions contained herein, the Grantee may at any time thereafter terminate this franchise if such terms and conditions are not remedied within the time period provided hereafter. The Grantee shall give the Grantor at least 6090 days advance written notice of its intent to terminate. Such notice shall, without prejudice to any of the rights reserved for the Grantee herein, advise the Grantor of such terms and conditions that it considers more favorable. The Grantor shall then have 6090 days in which to correct or otherwise remedy the terms and conditions complained of by the Grantee, and the Grantor and Grantee agree to negotiate in good faith toward a mutually acceptable resolution of Grantee's claim during this 90-day period. If the Grantee determines that such terms or conditions are not remedied by the Grantor within said time period, and if no mutually acceptable resolution is reached by Grantee and Grantor through negotiation, the Grantee may terminate this franchise agreement by delivering written
notice to the Grantor's Clerk and termination shall be effective on the date of delivery of such notice. *Nothing contained herein shall be construed as limiting Grantor's rights to legally contest at any time Grantee's determination leading to termination.*

Section 8. If as a direct or indirect consequence of any legislative, regulatory or other action by the United States of America or the State of Florida (or any department, agency, authority, instrumentality or political subdivision of either of them) any person is permitted to provide electric service within the incorporated areas of the Grantor to a customer then being served by the Grantee, or to any new applicant for electric service within any part of the incorporated areas of the Grantor in which the Grantee may lawfully serve, and the Grantee reasonably determines that its obligations hereunder, or otherwise resulting from this franchise in respect to rates and service, place it at a competitive disadvantage with respect to such other person, the Grantee may, at any time after the taking of such action, terminate this franchise if such competitive disadvantage is not remedied within the time period provided hereafter. The Grantee shall give the Grantor at least 90 days advance written notice of its intent to terminate. Such notice shall, without prejudice to any of the rights reserved for the Grantee herein, advise the Grantor of the consequences of such action which resulted in the competitive disadvantage. The Grantor shall then have 90 days in which to correct or otherwise remedy the competitive disadvantage. If such competitive disadvantage is not remedied by the Grantor within said time period, the Grantee may terminate this franchise agreement by delivering written notice to the Grantor's Clerk and termination shall take effect on the date of delivery of such notice. *Nothing contained herein shall be construed as limiting Grantor's rights to legally contest at any time Grantee's determination leading to termination.*
Section 9. Failure on the part of the Grantee to comply in any substantial respect with any of the provisions of this franchise shall be grounds for forfeiture, but no such forfeiture shall take effect if the reasonableness or propriety thereof is protested by the Grantee until there is final determination (after the expiration or exhaustion of all rights of appeal) by a court of competent jurisdiction that the Grantee has failed to comply in a substantial respect with any of the provisions of this franchise, and the Grantee shall have six months after such final determination to make good the default before a forfeiture shall result with the right of the Grantor at its discretion to grant such additional time to the Grantee for compliance as necessities in the case require.

Section 10. Failure on the part of the Grantor to comply in substantial respect with any of the provisions of this ordinance, including but not limited to: (a) denying the Grantee use of public rights-of-way for reasons other than unreasonable interference with motor vehicular traffic; (b) imposing conditions for use of public rights-of-way contrary to Florida law or the terms and conditions of this franchise; (c) unreasonable delay in issuing the Grantee a use permit, if any, to construct its facilities in public rights-of-way, shall constitute breach of this franchise and entitle the Grantee to withhold all or part of the payments provided for in Section 5 hereof until such time as a use permit is issued or a court of competent jurisdiction has, upon action instituted by Grantee, determined to be equitable, just, and reasonable, considering the totality of the circumstances, until such time as a use permit is issued or a court of competent jurisdiction has reached a final determination (after the expiration or exhaustion of all rights of appeal) in the matter. The Grantor recognizes and agrees that nothing in this franchise agreement constitutes or shall be deemed to
constitute a waiver of the Grantee's delegated sovereign right of condemnation and that the Grantee, in its sole discretion, may exercise such right.

Section 11. The Grantor may, upon reasonable notice and within 90 days after each anniversary date of this franchise, at the Grantor's expense, examine the records of the Grantee relating to the calculation of the franchise payment for the year preceding such anniversary date. Such examination shall be during normal business hours at the Grantee's office where such records are maintained. Records not prepared by the Grantee in the ordinary course of business may be provided at the Grantor's expense and as the Grantor and the Grantee may agree in writing. Information identifying the Grantee's customers by name or their electric consumption shall not be taken from the Grantee's premises. Such audit shall be impartial and all audit findings, whether they decrease or increase payment to the Grantor, shall be reported to the Grantee. The Grantor's right to examine the records of the Grantee in accordance with this Section shall not be conducted by any third party employed by the Grantor whose fee, in whole or part, for conducting such audit is contingent on findings of the audit.

Grantor waives, settles and bars all claims relating in any way to the amounts paid by the Grantee under the Current Franchise Agreement embodied in Ordinance No. 114.

Section 12. The provisions of this ordinance are interdependent upon one another, and if any of the provisions of this ordinance are found or adjudged to be invalid, illegal, void or of no effect, the entire ordinance shall be null and void and of no force or effect.

Section 13. As used herein "person" means an individual, a partnership, a corporation, a business trust, a joint stock company, a trust, an incorporated association, a joint venture, a governmental authority or any other entity of whatever nature.
Section 14. Ordinance No. 114, passed and adopted March 2, 1981 and all other ordinances and parts of ordinances and all resolutions and parts of resolutions in conflict herewith, are hereby repealed; provided, however, that the repeal of Ordinance No. 114 in no way removes Grantee’s obligation to remit to Grantor those payments collected pursuant to Ordinance No. 114 during the term of that Ordinance. The obligation for Grantee to collect and remit such payments remains a continuing obligation pursuant to the terms of this Ordinance.

Section 15. As a condition precedent to the taking effect of this ordinance, the Grantee shall file its Effective Date. This Ordinance shall take effect as provided for by law and by City Charter, Section 14, upon execution by the Mayor, or if disapproval occurs, upon reconsideration by the City Commission, passing of the Ordinance by at least four (4) votes, and upon Grantor’s acceptance hereof filed with the Grantor’s City Clerk within thirty (30) days of adoption of this ordinance. The effective date of this ordinance shall be the date upon which the Grantee files such acceptance.

PASSED on first reading this ______ AND DULY ADOPTED, BY THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA, with a quorum present and voting, in regular session assembled, this 28th day of __________, 2010. February, 2011.

______ PASSED AND ADOPTED on second reading this ______ day of __________, 2010.

CITY OF PALMETTO, FLORIDA, BY AND
THROUGH THE CITY COMMISSION OF THE CITY OF PALMETTO

BY:
SHIRLEY GROOVER BRYANT, MAYOR

ATTEST:

By: 

James R. Freeman, City Clerk of the City of Palmetto, Florida

APPROVED AS TO FORM AND LEGALITY

By:  

City Attorney, City of Palmetto, Florida
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ORDINANCE NO. 2011-03

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WHEREAS, the City Council of the City of Palmetto, Florida recognizes that the City of Palmetto and its citizens need and desire the continued benefits of electric service; and

WHEREAS, the provision of such service requires substantial investments of capital and other resources in order to construct, maintain and operate facilities essential to the provision of such service in addition to costly administrative functions, and the City of Palmetto does not desire to undertake to provide such services; and

WHEREAS, Florida Power & Light Company (FPL) is a public utility which has the demonstrated ability to supply such services; and

WHEREAS, there is currently in effect a franchise agreement between the City of Palmetto and FPL, the terms of which are set forth in City of Palmetto Ordinance No. 114, passed and adopted March 2, 1981, and FPL's written acceptance thereof dated March 3, 1981 granting to FPL, its successors and assigns, a thirty (30) year electric franchise ("Current Franchise Agreement"); and

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within the City of Palmetto free of competition from the City of Palmetto, pursuant to certain terms and conditions, and

WHEREAS, the City Council of the City of Palmetto deems it to be in the best interest of the City of Palmetto and its citizens to enter into the New Franchise Agreement prior to expiration of the Current Franchise Agreement;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PALMETTO, FLORIDA:

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(iii) shall not require the relocation of any of the Grantee's facilities installed before or after the effective date hereof in public rights-of-way unless or until widening or otherwise changing the configuration of the paved portion of any public right-of-way used by motor vehicles causes such installed facilities to unreasonably interfere with motor vehicular traffic.

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(e). The Grantor shall not be liable to the Grantee for any cost or expense in connection with any relocation of the Grantee's facilities required under subsection (b)(iii) of this Section, except, however, the Grantee shall be entitled to reimbursement of its costs from others and as may be provided by law.

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The Grantor understands and agrees that such revenues as described in the preceding paragraph are limited to the precise revenues described therein, and that such revenues do not include, by way of example and not limitation: (a) revenues from the sale of electrical energy for Public Street and Highway Lighting (service for lighting public ways and areas); (b) revenues from Other Sales to Public Authorities (service with eligibility restricted to governmental entities); (c) revenues from Sales to Railroads and Railways (service supplied for propulsion of electric transit vehicles); (d) revenues from Sales for
Resale (service to other utilities for resale purposes); (e) franchise fees; (f) Late Payment Charges; (g) Field Collection Charges; (h) other service charges.

Section 5(b). If during the term of this franchise the Grantee enters into a franchise agreement with any other municipality located in Manatee County or Sarasota County, Florida, where the number of Grantee’s active electrical customers is equal to or less than 15,000, the terms of which provide for the payment of franchise fees by the Grantee at a rate greater than 6.0% of the Grantee’s residential, commercial and industrial revenues (as such customers are defined by FPL’s tariff), under the same terms and conditions as specified in Section 5 hereof, the Grantee upon written request of the Grantor, shall negotiate and enter into a new franchise agreement with the Grantor in which the percentage to be used in calculating monthly payments under Section 5 hereof shall be no greater than that percentage which the Grantee has agreed to use as a basis for the calculation of payments to the other Manatee County or Sarasota County municipality, provided, however, that such new franchise agreement shall include additional benefits to the Grantee, in addition to all benefits provided herein, at least equal to those provided by its franchise agreement with the other Manatee County or Sarasota County municipality.

Section 6. As a further consideration, during the term of this franchise or any extension thereof, the Grantor agrees: (a) not to engage in the distribution and/or sale, in competition with the Grantee, of electric capacity and/or electric energy to any ultimate consumer of electric utility service (herein called a “retail customer”) or to any electrical distribution system established solely to serve any retail customer formerly served by the Grantee, (b) not to participate in any proceeding or contractual arrangement, the purpose or terms of which would be to obligate the Grantee to transmit and/or distribute, electric
capacity and/or electric energy from any third party(ies) to any other retail customer's facility(ies), and (c) not to seek to have the Grantee transmit and/or distribute electric capacity and/or electric energy generated by or on behalf of the Grantor at one location to the Grantor's facility(ies) at any other location(s). Nothing specified herein shall prohibit the Grantor from engaging with other utilities or persons in wholesale transactions which are subject to the provisions of the Federal Power Act or from utilizing generators and/or other electricity or energy-generating equipment during emergency situations. Nothing specified herein shall prohibit the Grantee from (i) generating electric capacity and/or energy at any facility owned by the Grantor for storage or utilization at that facility; (ii) using renewable energy sources to generate electric capacity and/or energy for use in demonstration projects or at Grantor's facilities; or (iii) selling such generated electric capacity and/or energy to Grantee or other wholesale purchases in compliance with applicable tariffs and/or federal or state laws, rules and regulations governing such transactions.

Nothing herein shall prohibit the Grantor, if permitted by law, (i) from purchasing electric capacity and/or electric energy from any other person, or (ii) from seeking to have the Grantee transmit and/or distribute to any facility(ies) of the Grantor electric capacity and/or electric energy purchased by the Grantor from any other person; provided, however, that before the Grantor elects to purchase electric capacity and/or electric energy from any other person, the Grantor shall notify the Grantee. Such notice shall include a summary of the specific rates, terms and conditions which have been offered by the other person and identify the Grantor's facilities to be served under the offer. The Grantee shall thereafter have 90 days to evaluate the offer and, if the Grantee offers rates, terms and conditions which are equal to or better than those offered by the other person, the Grantor
shall be obligated to continue to purchase from the Grantee electric capacity and/or electric energy to serve the previously-identified facilities of the Grantor for a term no shorter than that offered by the other person. If the Grantee does not agree to rates, terms and conditions which equal or better the other person's offer, all of the terms and conditions of this franchise shall remain in effect.

Section 7. If the Grantor grants a right, privilege or franchise to any other person or otherwise enables any other such person to construct, operate or maintain electric light and power facilities within any part of the incorporated areas of the Grantor in which the Grantee may lawfully serve or compete on terms and conditions which the Grantee determines are more favorable than the terms and conditions contained herein, the Grantee may at any time thereafter terminate this franchise if such terms and conditions are not remedied within the time period provided hereafter. The Grantee shall give the Grantor at least 180 days advance written notice of its intent to terminate. Such notice shall, without prejudice to any of the rights reserved for the Grantee herein, advise the Grantor of such terms and conditions that it considers more favorable. The Grantor shall then have 90 days in which to correct or otherwise remedy the terms and conditions complained of by the Grantee, and the Grantor and Grantee agree to negotiate in good faith toward a mutually acceptable resolution of Grantee's claim during this 90-day period. If the Grantee determines that such terms or conditions are not remedied by the Grantor within said time period, and if no mutually acceptable resolution is reached by Grantee and Grantor through negotiation, the Grantee may terminate this franchise agreement by delivering written notice to the Grantor's Clerk and termination shall be effective on the date of delivery of
such notice. Nothing contained herein shall be construed as limiting Grantor's rights to legally contest at any time Grantee's determination leading to termination.

Section 8. If as a direct or indirect consequence of any legislative, regulatory or other action by the United States of America or the State of Florida (or any department, agency, authority, instrumentality or political subdivision of either of them) any person is permitted to provide electric service within the incorporated areas of the Grantor to a customer then being served by the Grantee, or to any new applicant for electric service within any part of the incorporated areas of the Grantor in which the Grantee may lawfully serve, and the Grantee reasonably determines that its obligations hereunder, or otherwise resulting from this franchise in respect to rates and service, place it at a competitive disadvantage with respect to such other person, the Grantee may, at any time after the taking of such action, terminate this franchise if such competitive disadvantage is not remedied within the time period provided hereafter. The Grantee shall give the Grantor at least 180 days advance written notice of its intent to terminate. Such notice shall, without prejudice to any of the rights reserved for the Grantee herein, advise the Grantor of the consequences of such action which resulted in the competitive disadvantage. The Grantor shall then have 90 days in which to correct or otherwise remedy the competitive disadvantage. If such competitive disadvantage is not remedied by the Grantor within said time period, the Grantee may terminate this franchise agreement by delivering written notice to the Grantor's Clerk and termination shall take effect on the date of delivery of such notice. Nothing contained herein shall be construed as limiting Grantor's rights to legally contest at any time Grantee's determination leading to termination.
Section 9. Failure on the part of the Grantee to comply in any substantial respect with any of the provisions of this franchise shall be grounds for forfeiture, but no such forfeiture shall take effect if the reasonableness or propriety thereof is protested by the Grantee until there is final determination (after the expiration or exhaustion of all rights of appeal) by a court of competent jurisdiction that the Grantee has failed to comply in a substantial respect with any of the provisions of this franchise, and the Grantee shall have six months after such final determination to make good the default before a forfeiture shall result with the right of the Grantor at its discretion to grant such additional time to the Grantee for compliance as necessities in the case require.

Section 10. Failure on the part of the Grantor to comply in substantial respect with any of the provisions of this ordinance, including but not limited to: (a) denying the Grantee use of public rights-of-way for reasons other than unreasonable interference with motor vehicular traffic; (b) imposing conditions for use of public rights-of-way contrary to Florida law or the terms and conditions of this franchise; (c) unreasonable delay in issuing the Grantee a use permit, if any, to construct its facilities in public rights-of-way, shall constitute breach of this franchise and entitle the Grantee to withhold all or part of the payments provided for in Section 5 hereof until such time as a use permit is issued or a court of competent jurisdiction has, upon action instituted by Grantee, determined to be equitable, just, and reasonable, considering the totality of the circumstances, until such time as a use permit is issued or a court of competent jurisdiction has reached a final determination (after the expiration or exhaustion of all rights of appeal) in the matter. The Grantor recognizes and agrees that nothing in this franchise agreement constitutes or shall be deemed to
constitute a waiver of the Grantee's delegated sovereign right of condemnation and that the Grantee, in its sole discretion, may exercise such right.

Section 11. The Grantor may, upon reasonable notice and within 90 days after each anniversary date of this franchise, at the Grantor's expense, examine the records of the Grantee relating to the calculation of the franchise payment for the year preceding such anniversary date. Such examination shall be during normal business hours at the Grantee's office where such records are maintained. Records not prepared by the Grantee in the ordinary course of business may be provided at the Grantor's expense and as the Grantor and the Grantee may agree in writing. Information identifying the Grantee's customers by name or their electric consumption shall not be taken from the Grantee's premises. Such audit shall be impartial and all audit findings, whether they decrease or increase payment to the Grantor, shall be reported to the Grantee. The Grantor's right to examine the records of the Grantee in accordance with this Section shall not be conducted by any third party employed by the Grantor whose fee, in whole or part, for conducting such audit is contingent on findings of the audit.

Section 12. The provisions of this ordinance are interdependent upon one another, and if any of the provisions of this ordinance are found or adjudged to be invalid, illegal, void or of no effect, the entire ordinance shall be null and void and of no force or effect.

Section 13. As used herein "person" means an individual, a partnership, a corporation, a business trust, a joint stock company, a trust, an incorporated association, a joint venture, a governmental authority or any other entity of whatever nature.

Section 14. Ordinance No. 114, passed and adopted March 2, 1981 and all other ordinances and parts of ordinances and all resolutions and parts of resolutions in conflict
herewith, are hereby repealed; provided, however, that the repeal of Ordinance No. 114 in no way removes Grantee’s obligation to remit to Grantor those payments collected pursuant to Ordinance No. 114 during the term of that Ordinance. The obligation for Grantee to collect and remit such payments remains a continuing obligation pursuant to the terms of this Ordinance.

Section 15. Effective Date. This Ordinance shall take effect as provided for by law and by City Charter, Section 14, upon execution by the Mayor, or if disapproval occurs, upon reconsideration by the City Commission, passing of the Ordinance by at least four (4) votes, and upon Grantor’s acceptance filed with the City Clerk within thirty (30) days of adoption of this Ordinance. The effective date of this Ordinance shall be the date upon which the Grantee files such acceptance.

PASSED AND DULY ADOPTED, BY THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA, with a quorum present and voting, in regular session assembled, this 28th day of February, 2011.

CITY OF PALMETTO, FLORIDA, BY AND THROUGH THE CITY COMMISSION OF THE CITY OF PALMETTO

BY:

SHIRLEY GROOVER BRYANT, MAYOR

ATTEST:

By:

James R. Freeman, City Clerk
# FPL's Franchise Fee Payment Calculation

## Current Contract vs. New Contract

**Current Contract Terms**:
- Franchise Fee + Property Taxes + Permits/Fees = 5% of specified revenue

**New Contract Terms**:
- Franchise Fee + Permits/Fees = 5.6% of specified revenue (less uncollectibles)

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>City of Palmetto</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
</tr>
<tr>
<td>Residential</td>
<td>$7,398,141</td>
</tr>
<tr>
<td>Commercial</td>
<td>$7,062,864</td>
</tr>
<tr>
<td>Industrial</td>
<td>$392,926</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td>$14,851,921</td>
</tr>
<tr>
<td>Less: Uncollectibles</td>
<td>$41,481</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>$14,810,440</td>
</tr>
<tr>
<td>5% / 5.6% of revenue</td>
<td>$742,696</td>
</tr>
<tr>
<td>Other payments by FPL</td>
<td>$225</td>
</tr>
<tr>
<td>Permits/Fees</td>
<td>$32,807</td>
</tr>
<tr>
<td>Property Taxes</td>
<td></td>
</tr>
<tr>
<td><strong>Franchise Fees</strong></td>
<td>$706,664</td>
</tr>
</tbody>
</table>

**Summary**:

**Current Contract Terms**:
- Franchise Fee + Property Taxes + Permits/Fees = 5% of specified revenue

\[
\text{Total payments} = \$709,664 + \$32,807 + \$225 = \$742,696
\]

**New Contract Terms**:
- Franchise Fee + Permits/Fees = 5.6% of specified revenue + Property Taxes

\[
\text{Total payments} = \$873,591 + \$225 = \$873,816 + \$32,807 = \$908,623
\]

1. Current Contract Terms call for 90% payment each month for the first eleven months of each franchise year, with that 10% added to the final payment; under the new contract, 100% is paid each month.

2. Franchise revenues and uncollectibles are actual 12 months ending June 2010.


*Under the current agreement* - a typical residential bill for 1,200 kWh is $129.95; $5.69 of that is for franchise fees and $8.14 for municipal tax.

*Under the new agreement* - a typical residential bill for 1,200 kWh would be $131.42; $7.03 of that is for franchise fees and $8.27 for municipal tax.

The average residential customer would see a monthly increase in their bill of $1.47 per.
<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Franchise Payment</th>
</tr>
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<tbody>
<tr>
<td>2003</td>
<td>$440,092</td>
</tr>
<tr>
<td>2004</td>
<td>$488,979</td>
</tr>
<tr>
<td>2005</td>
<td>$523,800</td>
</tr>
<tr>
<td>2006</td>
<td>$584,744</td>
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<td>2007</td>
<td>$745,844</td>
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<tr>
<td>2008</td>
<td>$754,001</td>
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<tr>
<td>2009</td>
<td>$759,234</td>
</tr>
<tr>
<td>2010</td>
<td>$736,182</td>
</tr>
<tr>
<td></td>
<td><strong>3,580,015 2006-2010</strong></td>
</tr>
</tbody>
</table>
Sparked by a desire to promote clean energy, in 2010, the City of Sarasota debated creating a municipal utility vs. renewing a multi-year municipal franchise agreement. After several months of tense negotiations and lengthy public hearings, the City of Sarasota and Florida Power and Light Company entered into a Renewable Energy, Energy Efficiency, and Energy Sustainability Agreement (the "Renewable Energy Agreement"). According to a memorandum from Assistant City Attorney Michael Connolly, Esq., "The purpose of the Renewable Energy Agreement is to set forth in a binding contract the covenants made by FPL which would be necessary consideration to support the City Commission passing on [the franchise agreement]."

Mr. Connolly highlighted the products and services to be provided by FPL to the City and its citizens during the 30-year term of the franchise agreement in the memorandum:

- FPL will provide educational resources and programs to inform and instruct the City and its citizens on issues related to energy efficiency and conservation programs and on the benefits and technology associated with renewable energy.
- Prior to December 31, 2015, FPL shall perform an energy audit on all of the City's electric accounts. Prior to December 31, 2015, FPL will perform an energy audit of the 100 largest electricity consuming accounts located within the municipal limits of the City.
- Within every five-year period thereafter, FPL will perform an energy audit for all City accounts and the 50 other largest electricity consuming accounts within the municipal limits of the City.
- FPL will pay for one City employee to obtain LEED certification.
- FPL will establish an educational testing facility within the City including new solar photovoltaic panels.
- In 2021 FPL will install 10 additional pole mounted photovoltaic panels.
- In 2021 FPL will replace the initial five pole mounted photovoltaic panels.
- FPL will develop a solar school within the municipal limits of the City by installing solar photovoltaic panels.
- In 2021 FPL will provide another solar school installation.
- In 2021 FPL will provide another solar school installation.
- FPL will install five electric vehicle charging stations within the municipal limits of the City.
- In 2016 FPL will provide an additional ten electric vehicle charging stations.
- In 2021 FPL will replace the initial five electric vehicle charging stations.
- In 2026 FPL will replace the second ten electric vehicle charging stations.
- During the next 30 years, FPL will perform home energy makeovers for 1,500 homes within the municipal limits of the City.
- During the next 30 years, FPL will perform 15 non-profit energy makeovers for non-profit entities within the municipal limits of the City.
- Subject to the passage of enabling legislation, FPL will develop a large scale rooftop solar facility within the municipal limits of the City.
- Subject to the passage of enabling legislation, FPL will develop and install a demonstration LED streetlight pilot program.
- Subject to the passage of enabling legislation, FPL will develop a utility scale solar generation project (perhaps on the Verna Wellfield site).

The Renewable Energy Agreement runs concurrently with the term of the franchise set forth within Sarasota City Ordinance No. 10-4917. The Memorandum, as well as the franchise agreement and the public hearing testimony can be found on the City of Sarasota's website at www.sarasotacov.com.
RENEWABLE ENERGY, ENERGY EFFICIENCY, AND ENERGY SUSTAINABILITY AGREEMENT

BETWEEN

THE CITY OF SARASOTA, FLORIDA

AND

FLORIDA POWER & LIGHT COMPANY

This Renewable Energy, Energy Efficiency, and Energy Sustainability Agreement (the "Agreement"), dated as of November 1, 2010 (the "Effective Date"), is entered into by the City of Sarasota, Florida (hereinafter, the "City"), located at 1565 1st Street, Sarasota, FL 34236, and Florida Power & Light Company (hereinafter, "FPL"), located at 700 Universe Boulevard, Juno Beach, Florida 33408 (Sarasota and FPL individually a "Party", jointly the "Parties").

WITNESSETH

WHEREAS, the City is a significant consumer of electric power with land and facilities that may be available for renewable energy projects;

WHEREAS, FPL is the electric power utility serving the City; and

WHEREAS, each of the City and FPL is committed to expanding the use of renewable energy resources, in creating energy efficiencies, and in promoting and implementing measures and practices that will improve energy sustainability and independence of the City of Sarasota, the Sarasota community generally, and the State of Florida as a whole, in compliance with respective Federal and State energy policies and directives;

NOW, THEREFORE, for and in consideration of these premises, the mutual undertakings and agreements herein contained and assumed, and good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, and subject to the terms and conditions hereinafter set forth, the City and FPL hereby covenant and agree as follows:

A. Background

The City and FPL are committed to providing clean, reliable and affordable energy to the citizens of Sarasota (the "Citizens") and are interested in promoting energy efficiency and renewable energy through state-of-the-art pilot programs and projects. In furtherance of these objectives, this Agreement sets forth the framework pursuant to which the City and FPL shall jointly develop, install, manage and maintain the energy conservation projects ("EC Projects") and renewable energy projects ("RE Projects") identified herein (the EC Projects and RE Projects jointly referred to as the "Energy Projects"),
and also sets forth other measures and commitments of the Parties to promote, encourage, and implement energy conservation, energy efficiency, renewable energy, and energy sustainability measures as contemplated herein.

The Energy Projects and other energy sustainability measures set forth herein would be developed and designed to provide the City and the Citizens with energy efficiency and renewable energy benefits on a long-term basis. Further, the Energy Projects shall be developed and installed on land, or at facilities, owned by the City and will utilize equipment, services and labor contributed by the City and FPL, as appropriate.

As detailed in Section B, Scope of Energy Projects, the Parties will adopt a “phased” approach in developing and implementing the Energy Projects and in achieving the energy efficiency and renewable energy goals and objectives. As detailed below, Phase 1 would consist of Energy Projects that could be implemented, subject to the City’s support and cooperation, in the short term (i.e., six (6) to eighteen (18) months) and would require no (or limited) Florida Public Service Commission (“FPSC”), governmental or other regulatory approvals (the “Required Approvals”). Phase 2 would consist of Energy Projects that require more time to implement and would need, and be subject to, certain Required Approvals and/or the passage of enabling legislation.

B. Scope of Energy Projects

1. Phase 1 Energy Projects:

Phase 1 BC Projects and RE Projects will be implemented by FPL and the City in the short term and will be designed to provide the City with demonstrable, long-term energy efficiency and renewable energy awareness for its Citizens. FPL shall designate a liaison (the “Liaison”) to the City who shall be responsible for the start up of Phase 1 activities and coordinating FPL’s and the City’s efforts to implement efficiently and effectively the Phase 1 Energy Projects consistent with the terms herein. Specifically, the Liaison shall: (i) coordinate, schedule and support project development and implementation activities (as such are set forth in this Agreement) between the City and FPL; (ii) assist in implementing the energy audits and in attaining the efficiency goals (as such are set forth below); (iii) promote renewable project development and energy efficient programs in the City. Phase 1 will focus on energy education and on implementing specific pilot programs pursuant to which FPL would test at City sites and facilities energy conservation programs and clean energy equipment to determine if such programs and equipment are appropriate for deployment on the FPL utility system.

Phase 1 Energy Projects shall consist of:

(a) Educational resources and programs to inform and instruct the City and its Citizens on issues related to energy efficiency and conservation programs and on the benefits and technology associated with renewable energy. Specifically, the Liaison shall coordinate and schedule with the City performances by Captain Conservation and
Professor WHYs at mutually agreed to City, and other public, sites and venues (such as public schools, the Van Wezel Performing Arts Hall, or GWiz).

- Captain Conservation Saves the Day is a program that teaches children to be heroes by conserving energy through fun, original and interactive songs. Captain Conservation is the world’s only singing, guitar-playing, nature-conscious, costumed superhero.

- Professor Whys Powerful Adventure is a program that brings science to life through fun and interactive demonstrations. The entertaining and educational program helps to prepare students for the science FCAT and offers an exciting way for students to get enthusiastic about science.

(b) Energy audits for City facilities and Citizens.

- The energy audits to be performed by FPL (as detailed herein) will be designed to identify the maximum, cost-effective energy savings per audit and will take into account: (i) the customer’s reasonable expectations in identifying the maximum, cost-effective energy savings per audit; (ii) all incentives available from FPL; and, (iii) if available, those incentives from state or federal governments and private foundations, including tax credits and other tax benefits from the City (and any other source identified by the City or FPL). Such Energy Audits will be consistent with, and commence promptly following the approval by the FPSC of, each applicable FPL’s demand side management (“DSM”) plan.

- Within thirty (30) days of the Execution Date, FPL and the City will meet to develop an agreeable energy audit schedule (the “Schedule”) for City facilities and for large energy users located within the City. The Schedule will provide that, prior to December 31, 2015, FPL shall perform energy audits on: (i) all of the City's electric accounts (the “City Accounts”), and (ii) subject to the receipt of a customer consent related to the performance of an energy audit, the 100 largest electricity-consuming accounts (excluding the City's accounts) located in the City (the “Customer Accounts”). FPL will cooperate and work with the City in its efforts to obtain the consent of all such customers. Notwithstanding the foregoing, pursuant to FPL’s DSM Plan and applicable regulation, FPL will remain obligated to provide energy audits to other customers and accounts as may be requested (the “Additional Energy Audits”).

- After the completion of the first cycle of energy audits (as provided for above) throughout the Term and promptly following the approval of each succeeding DSM plan, FPL and the City will meet to develop an agreeable Schedule of energy audits related to the City Accounts and the Customer Accounts. FPL will, within five (5) years following approval of such Schedule, perform
energy audits on the City Accounts and fifty (50) of the largest Customer Accounts in a manner consistent with the procedures set forth above.

- Energy audits performed by FPL related to the City Accounts and Customer Accounts shall be without charge to the City or customers whose usage and facilities are audited. Additional energy audits shall be conducted pursuant to FPL's then-currently-approved energy conservation programs or tariffs, as applicable, including any charges to customers provided for in such program or tariffs. Subject to and within the overall time frames specified above, FPL and the City will cooperate to develop an agreeable energy audit schedule for City facilities and large energy users located within the City.

- FPL will offer energy savings strategies for Citizens to promote additional energy savings for residential, business, and institutional energy users and FPL incentives will be applied to such strategies where applicable. The City: (i) will develop and offer to Citizens additional incentives related to services not covered by FPL, and (ii) may offer additional incentives to supplement FPL's incentives for energy efficiency, energy conservation, and renewable energy measures and technologies identified as being appropriate by the City; provided, however, FPL will continue to make its incentives available without regard to whether the City is offering supplemental incentives to promote designated measures and technologies.

- FPL and the City will encourage Citizens to participate in the FPL Home Energy Survey, online, over the phone or in person. The Home Energy survey shall include the following: (i) a personalized, convenient and expert energy-saving analysis of a Citizen's energy use; (ii) specific ways to save money on electric bill and energy-saving recommendations; (iii) a convenient method to ascertain what home appliances have the highest operating costs and how much such appliances contribute to a household's electric bill; (iv) the ability to test energy efficiencies by using different thermostat settings; (v) an overall guide for an energy-efficient home; and (vi) a printable report detailing specific ideas on how to manage individual electric consumption.

- The City will facilitate the implementation of the energy audits by disseminating relevant information regarding the energy audit program and energy efficiency to the Citizens through its “conservation” page on the City's web site. Further, the City will cooperate with FPL in promoting the energy audits contemplated by this Agreement and by FPL's DSM Plan, including to the extent applicable, by making available to FPL the assistance of the City's Sustainability Manager or similar personnel with energy conservation responsibilities to assist in the efforts contemplated by this Agreement.

(c) “Green” buildings and design. FPL shall support the construction of energy efficient, sustainable buildings within the City by sponsoring and paying for complete LEED “Existing Building” certification classes for a City employee or, at the
City's option, the Green Building Basic course of study; provided, the cost of such sponsorship shall not exceed $2,000.00. Such instruction would assist the City in understanding the requirements in the various categories leading to LEED certification and could facilitate the adoption by the City of LEED construction standards for new or retrofitted City buildings.

(d) Establishing an educational testing facility (the “ETF”) on a site approved by the City and reasonably acceptable to FPL, in which FPL shall test and demonstrate new renewable energy products and technology. Examples of such “tested” technology would be:

- New solar photo voltaic (“PV”) panels
- Solar technology
- Energy efficiency product testing for DSM plan development

As part of the ETF, FPL would also provide within the City a demonstration facility utilizing electrical pole mounted solar panels incorporating “Smart Grid” technology. Specifically, FPL would install five (5) Petra Solar pole-mounted panels with Smart Grid capability. This demonstration project would be a precursor to the installation of Smart Grid technology throughout the City, which is anticipated to occur in a 2012 – 2013 timeframe. The City shall own, and be responsible for, all energy, and associated green attributes, generated by the ETF, except that FPL shall own, and be responsible for, the energy, and associated green attributes, generated by the Petra Solar pole-mounted panels.

(e) The development of a “Solar School”. FPL would cause the installation of solar PV array (2 – 5 kW) at Booker High School (or such other, appropriate public school identified by the City and reasonably acceptable to FPL). The Solar School project would include a curriculum and training for teachers related to solar PV technology. Also, a website would be developed that would track and monitor the energy generated by the solar array. The City (or the appropriate governmental entity) shall own, and be responsible for, all energy, and associated green attributes, generated by the Solar School.

(f) The installation of five (5) Electric Vehicle (“EV”) charging stations (the “Original Stations”) and, on that date five (5) years from the original installation date, the installation of an additional ten (10) EV charging stations (the “Additional Stations”), at a parking garage or alternative site approved by the City and reasonably acceptable to FPL; provided, prior to the installation of the Additional Stations the City shall demonstrate to FPL’s reasonable satisfaction that the demand for, and use of, the Original Stations warrants the installation of the Additional Stations. The EV charging stations would be designed to promote and educate the Citizens on the benefits of EVs. The initial installation would be the first deployment of an EV product of this type by FPL. FPL would also install solar panels associated with the EV charging
stations. This installation would utilize state of the art PV panels and be the “first of its kind” installed by FPL. FPL shall own, and be responsible for, all energy, and associated green attributes, generated by the EV charging stations; provided, the energy, and associated green attributes, generated by the PV panels installed as part of the EV charging stations will be contributed by FPL to the City and, provided, further, the City shall have the discretion to charge and collect a usage fee related to the EV charging stations.

(g) Home Energy Makeovers and Nonprofit Energy Makeovers. During the Term, FPL will provide to the City: (i) 1500 home energy makeovers pursuant to FPL’s Home Energy Makeover Initiative (“HEMI”); and (ii) 15 nonprofit energy makeovers pursuant to FPL’s Nonprofit Energy Makeover Initiative (“NEMO”) ((i) and (ii) the “Makeover Services”). The Makeover Services will be provided to the City, and Citizen-recipients of the Makeover Services will be selected, in a manner consistent with the HEMI or NEMO programs (as applicable). Commencing in year 2011 and during the Term, FPL will schedule and complete (i) 1500 HEMI Makeover Services; and, (ii) fifteen (15) NEMO Makeover Service. FPL will consult with the City, and the recipients shall cooperate reasonably with FPL, regarding the scheduling of and the recipients receiving the Makeover Services.

During the Term and with regard to the ETF, the Solar School and the EV charging stations (the “Identified Projects”), FPL will, promptly at the end of the “useful life” of the renewable energy technology installed at the Identified Projects (the “Upgrade Date”), upgrade and replace such renewable energy technology (the “Upgrade Service”). Such Upgrade Service will consist of replacing or supplementing (as applicable) the installed renewable energy technology with then-current “state of the art” technology. Additionally, as part of the Upgrade Service, FPL will double the amount of renewable energy technology installed at the Identified Projects (the “Additional Units”) or will install such Additional Units at an alternative site approved by the City and reasonably acceptable to FPL; provided, prior to the installation of the Additional Units the City shall demonstrate to FPL’s reasonable satisfaction that the demand for, and use of, the Identified Projects warrants the installation of the Additional Units. The useful life of the renewable energy technology installed at the Identified Projects will be determined by FPL based on prudent utility practice and the original equipment manufacturers’ representations and warranties regarding the useful life of the applicable installed technology; provided, the Parties acknowledge and agree that the useful life of the Original Stations will be ten (10) years.

For illustrative purposes only, a schedule related to the Phase I Energy Projects, the Upgrade Services, the installation of the Additional Units and the Makeover Services is attached at Exhibit A.
2. Phase 2 Energy Projects:

Phase 2 Energy Projects will be longer term projects and subject to the receipt by FPL and the City of necessary Required Approvals and/or the passage of enabling legislation. Phase 2 projects would include:

(a) The development of a roof-top solar facility (the "Solar Roof"). FPL would cause the installation of large-scale roof-top solar PV array at a site appropriate for such solar technology, such installation and site as mutually agreed to by the Parties.

(b) The development and installation of a demonstration "LED" streetlight pilot program designed to facilitate the adoption by the City (and by the Citizens, as applicable) of energy efficient street and area lighting.

(c) The development of a "utility scale" solar generation project. FPL would seek to develop a five (5) to ten (10) MW solar generation facility (the "SGF") on a site owned by the City and appropriate for the development and operation of the contemplated SGF. The City and FPL would negotiate in good faith toward a long-term agreement for the purchase or lease by FPL of the site, including a purchase price or lease payment from FPL to the City reflecting the fair market value of the site. FPL would conduct due diligence on and consider the Verna Wellfield property as a possible site for the SGF. The Parties recognize and agree that any site related to the SGF must be suitable for the development of such a facility; have the necessary solar resource and that the arrangements must be otherwise competitive, from each Party's perspective, with alternative sites and solar projects that may be developed by either the City or FPL. Nothing herein shall preclude the City from developing a similar solar generation facility, including such a solar facility at the Verna Wellfield property, at the City's expense, to be owned by the City. Further, the City shall have the right to develop a solar generation facility independent of FPL if the City, in its sole discretion, determines that the independent development of such a solar facility is in the best interests of the City and the Citizens.

(d) The development of a downtown transportation connector. FPL would support reasonably the City's efforts in applying for a federal grant to provide electric rail service (or other appropriate transportation circuit) in the downtown area.

For illustrative purposes only, a schedule related to the Phase 2 Energy Projects is attached at Exhibit B.

C. Responsibilities.

Pursuant to the terms of this Agreement, the Parties will jointly develop and implement the Energy Projects identified in Section B. In furtherance of this objective, FPL and the City, to the extent their interests are aligned, agree to support and not obstruct the advancement of statewide renewable energy legislation and conservation efforts and to cooperate in the advancement of the Phase I and Phase II Energy Projects.
1. Phase 1 Energy Projects.

Subject to the receipt by FPL (or, if applicable, the City) of any Required Approvals, FPL shall develop and implement the Phase 1 Energy Projects in accordance with (i) the standards of care, diligence, skill and judgment normally exercised by professional firms and individuals with respect to services of a similar nature; (ii) recognized and sound renewable energy practices, procedures and techniques; (iii) the terms of this Agreement; and (iv) all applicable laws and regulations (collectively “FPL’s Performance Standard”). The City will (i) cooperate reasonably with FPL in the developing and implementing the Phase 1 Energy Projects; (ii) provide promptly to FPL any relevant data, information regarding Citizen interest in energy conservation, efficiency, renewable energy, and energy sustainability measures and projects, information regarding incentives that the City makes available to the Citizens (if applicable), access (including, if necessary, access to appropriate project sites), and City personnel (including labor) necessary to fulfill the City’s responsibilities that are necessary for FPL to effectively carry out its Phase 1 responsibilities under this Agreement; (ii) collect and provide to FPL data produced by, and related to, the Energy Project (e.g., Citizen participation and energy usage data); and, (iii) promote FPL’s participation in the program by allowing appropriate signage and acknowledgement (the “City’s Contribution”). The Parties shall use commercially reasonable efforts to have the Phase 1 Energy Projects developed and implemented within eighteen (18) months of the Effective Date of this Agreement.

2. Phase 2 Energy Projects.

The Parties shall develop and implement the Phase 2 Energy Projects consistent with FPL’s Performance Standard and the City’s Contribution; however, the Parties acknowledge and agree that successful implementation of the Phase 2 Energy Projects will require, be contingent upon the receipt of, and be subject to: (i) certain Required Approvals; (ii) enabling legislation favorable to the development of renewable energy projects; and, (iii) increased capital and resource commitment from each Party. Further, with regards to the development of the SGF, FPL and the City shall jointly study the technical and financial requirements of the SGF Energy Project including, without limitation: (i) the scope and potential site locations of the SGF; (ii) design and construction costs, and operations and life cycle requirement costs; and (iii) the amount of renewable energy that will be produced and the proposed disposition of any renewable energy credits. In order to undertake these studies, the Parties shall have the following responsibilities:

A. FPL shall use commercially reasonable efforts to perform the following tasks, and other such reasonable tasks that may be required to develop and implement the SGF Project:

(i) Participate in joint technical exchanges with the City, on a schedule and at locations as may be mutually agreeable, for the purpose of developing and implementing the SGF Project.
(ii) Provide to the City a plan describing the proposed SGF Project site plan (e.g., land and/or facilities required, access requirements, power distribution system interconnection), the proposed approach for designing, constructing, operating, and maintaining the SGF Project throughout its lifecycle, the project schedule and estimated costs, the responsibilities of each of the Parties for meeting project schedule milestones and for funding the costs of the project, an estimate of the amount of renewable energy that will be produced, and the proposed disposition of any renewable energy credits (the “Project Plan”).

B. The City will use commercially reasonable efforts to perform the following tasks, and other such tasks as may be necessary to develop and implement the SGF Project:

(i) Participate in joint technical exchanges with FPL, on a schedule and at locations as may be mutually agreeable, for the purpose of developing and implementing the SGF Project.

(ii) Review and comment on each submitted Project Plan and, subject to the City’s acceptance of a final Project Plan, perform required site assignment coordination, environmental determinations, and preparation of appropriate implementing agreements governing land and facility use, SGF Project operation and maintenance.

(iii) Provide available, relevant data to assist FPL in carrying out its responsibilities with respect to the SGF Project.

C. Once it is determined that a SGF Project is viable from a regulatory, legislative, technical and financial perspective, the structure, final configuration, and binding terms and conditions applicable to the SGF Project shall be reflected in a mutually acceptable, definitive agreement (the “Definitive Agreement”) among the City and FPL. A Definitive Agreement would contain terms and conditions customary for a transaction of this type, including covenants, representations and warranties, and other mutually agreeable terms.

D. Work Product; Financial Arrangements; Responsibilities; Cooperation

1. FPL shall own and maintain the Energy Projects funded and provided by FPL pursuant to this Agreement (and, except as specifically provided for herein, the products generated thereby) and own all rights (including all intellectual property rights), title and interest to any and all work products resulting from the renewable energy and energy efficiency services or Energy Project development and implementation activities performed by FPL pursuant to this Agreement, provided, that FPL hereby grants the City a non-exclusive, royalty-free license to use such work products in connection with the applicable Energy Project, which license shall survive beyond the termination of this Agreement.
2. The City and FPL will each be solely responsible for and bear all of their own respective internal and external costs, including without limitation, expenses of legal counsel, consultants, accountants and other advisors, incurred at any time in connection with pursuing the Energy Projects set forth in this Agreement.

3. The City and FPL shall each be responsible for its own facilities, for protection of its own systems, and for ensuring adequate safeguards for FPL customers, the Citizens, and the personnel and equipment of the City and FPL.

4. To further its commitment to expanding the use of renewable energy resources, in creating energy efficiencies, and in promoting and implementing measures and practices that will improve energy sustainability, the City commits to cooperate with and support (and not oppose or disparage) FPL or FPL's efforts to have enacted legislation and related regulatory procedures enabling the development, ownership and operation of renewable energy projects in the state of Florida.

F. Default; Remedies

1. An "Event of Default" shall mean the failure by a Party (the "Defaulting Party") to perform any material covenant or obligation set forth in this Agreement, which failure has a material adverse effect on the other Party's (the "Non-Defaulting Party") ability to perform its obligations under this Agreement, if such failure is not remedied within thirty (30) days after notice of such failure, which notice sets forth in reasonable detail the nature of the failure; provided, however, that if such failure is not reasonably capable of being remedied within the thirty (30) day cure period specified above, the Defaulting Party shall have such additional time (not exceeding an additional ninety (90) days) as is reasonably necessary to remedy such failure (the "Cure Period"), so long as the Defaulting Party advises the Non-Defaulting Party of its plan for such cure and promptly commences and diligently pursues such remedy.

2. If an Event of Default has occurred and is continuing (and after the expiration of the Cure Period) the Non-Defaulting Party may, at its option: (i) terminate this Agreement without penalty or further obligation by written notice to the Defaulting Party; and (ii) exercise any other right or remedy available to the Non-Defaulting Party under generally applicable law, under this Agreement or in equity. Further, the Parties acknowledge and agree that money damages may not be a sufficient remedy for any breach of this Agreement and that the Non-Defaulting Party shall be entitled to seek injunctive or other equitable relief, including specific performance, to remedy or prevent any breach or threatened breach of this Agreement. Such remedy shall not be the exclusive remedy for any breach of this Agreement, but shall be in addition to all other rights and remedies available at law or in equity. Notwithstanding anything contained in this Agreement, a Defaulting Party's liability to the Non-Defaulting Party in connection with this Agreement and any activities undertaken in connection with the Energy Projects shall be limited to direct damages and shall exclude any other liability, including without limitation liability for special, indirect, punitive or consequential damages in contract, tort, warranty, strict liability or otherwise.
G. Notice

All notices required under this Agreement shall be in writing unless expressly specified otherwise herein, and shall be delivered in person, by certified mail or by a nationally recognized overnight courier, return receipt requested, or by facsimile transmission with confirmation by voice or automatic answer-back service, as specified below:

SARASOTA:

Robert J. Bartolotta  
City Manager  
The City of Sarasota, Florida  
1565 1st Street  
Sarasota, FL 34236  
(941) 954-4102 (voice)  
(941) 954-4129 (fax)  
E-mail: Robert.Bartolotta@sarasotagov.com

FPL

Vice President, External Affairs  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408  
(561) 691-7114 (voice)  
(561) 691-7786 (fax)  
E-mail: Pamela_M_Rauch@fpl.com

With Copies to:

Fournier and Connolly, P.A.  
City Attorney  
The City of Sarasota, Florida  
1 South School Ave., Suite 700  
Sarasota, FL 34237

With Copies to:

Florida Power & Light Company  
Law Department (Law/JB)  
700 Universe Boulevard  
Juno Beach, Florida 33408  
Facsimile: (561) 691-7305  
Attention: Managing Attorney

H. Miscellaneous

1. Term. The term of this Agreement shall be thirty (30) years from the Effective Date, subject to the termination rights set forth herein (the "Term").

2. Modifications. Any modification to this Agreement shall be executed in writing and signed by an authorized representative of each Party. Any modification that creates an additional commitment of City resources must be signed by the original City signatory authority or successor or a higher-level City official possessing original or delegated authority to make such a commitment.

3. News Releases and Publications. Any public notices to third parties and all other publicity concerning this Agreement, activities relating to this Agreement and to the Energy Projects, shall be jointly planned and coordinated by the Parties and neither Party shall act unilaterally in this regard without the prior approval of the other Party (such approval not to be unreasonably withheld), except where required to do so by law.
or by the applicable regulations or policies of any governmental or other regulatory agency of competent jurisdiction or any stock exchange in circumstances where prior consultation with the other Party is not practicable.

4. **Use of the City’s or FPL’s Name, Initials and Devices.** FPL agrees to submit to the City for its written approval all promotional and advertising material that uses the City’s names, initials, insignia, seal, or logotype prior to publication. The City agrees to submit to FPL for its written approval all promotional and advertising material that uses the FPL names, initials, insignia, seal, or logotype prior to publication. The Parties agree to work cooperatively with regard to news releases, publicity, signage, and other public announcements and materials to ensure that both FPL and the City receive fair and appropriate credit for their contributions to the mutual energy conservation, renewable energy, and energy sustainability measures contemplated by this Agreement.

5. **Assignment.** Neither Party may: (i) assign any of its rights or obligations under this Agreement, or (ii) sell, lease, assign, transfer or otherwise dispose of all or a portion of an Energy Project without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed. Any attempt by a Party to make any assignment, sale, lease, transfer or other disposition described herein in violation of this provision shall be void ab initio and shall not be effective.

6. **Disputes.** In the event of any dispute, controversy or claim between the Parties arising out of or relating to this Agreement (collectively, a “Dispute”), the Parties shall attempt in the first instance to resolve such Dispute through friendly consultations between the Parties. If such consultations do not result in a resolution of the Dispute within fifteen (15) days after notice of the Dispute has been delivered to either Party, then such Dispute shall be referred to the senior management of the Parties for resolution. If the Dispute has not been resolved within ten (10) business days after such referral to the senior management of the Parties, then either Party may pursue all of its remedies available hereunder. The Parties agree to attempt to resolve all Disputes promptly, equitably and in a good faith manner.

7. **Governing Law; Waiver.** This Agreement shall be governed by, and construed in accordance with the laws of the State of Florida without regard to its conflict of laws provisions. All actions or proceedings relating to this Agreement (whether to enforce a right or obligation or obtain a remedy or otherwise) will be brought solely in the state or federal courts located in the State of Florida. Each Party hereby unconditionally and irrevocably consents to the jurisdiction of those courts and waives its rights to bring any action or proceeding against the other Party except in those courts. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.
8. **Structure.** This Agreement is not intended to constitute, create, give effect to or otherwise recognize a joint venture, partnership or formal business organization, or agency agreement of any kind, and the rights and obligations of the Parties shall be only those expressly set forth herein. No Party shall have the right, except as expressly provided for in this Agreement, to bind the other Party with respect to any matter without the express prior written consent of the other Party.

9. **Construction of Agreement.** The Parties expressly agree that no provision of this Agreement should be construed against or interpreted to the disadvantage of any Party by any court or other governmental or judicial authority by reason of such Party having been deemed to have structured or dictated such provision.

10. **Complete Agreement.** This Agreement is intended as the complete and exclusive statement of the agreement between the Parties. Parol or extrinsic evidence shall not be used to vary or contradict the express terms of this Agreement and recourse may not be had to alleged prior drafts, negotiations, prior dealings, usage of trade, course of dealing or course of performance to explain or supplement the express terms of this Agreement.

11. **Counterparts.** This Agreement may be executed and delivered in counterparts, and may be delivered by facsimile transmission.

12. **Severability.** In the event that any provision of this Agreement shall be held invalid or unenforceable by a court of competent jurisdiction, the remainder of this Agreement or the application of the provisions hereof to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

13. **Non-Waiver.** No waiver of any provision of this AGREEMENT shall be deemed to be nor shall constitute a waiver of any other provision whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.
IN WITNESS WHEREOF, the Parties hereto have caused this Renewable Energy, Energy Efficiency, and Energy Sustainability Agreement to be executed and delivered by their duly authorized officers as of the date first written above.

THE CITY OF SARASOTA, FLORIDA

BY: [Signature]

Kelly M. Kirschner
Mayor

FLORIDA POWER & LIGHT COMPANY, a Florida corporation

BY: [Signature]

Pamela M. Rauch
Vice President, Corporate and External Affairs

APPROVED AS TO FORM AND CORRECTNESS:

BY: [Signature]

[Signature]
City Attorney
# City of Sarasota

## Renewable Energy, Energy Efficiency, and Energy Sustainability Agreement

### Phase 1 Energy Projects - Exhibit A

<table>
<thead>
<tr>
<th>Energy Project</th>
<th>What</th>
<th>Where</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td>B1a Captain Conservation Professor Whys</td>
<td>Performances as agreed upon</td>
<td>As agreed upon</td>
</tr>
<tr>
<td><strong>Energy Audits</strong></td>
<td>B1b Energy Audits performed by FPL to identify cost-effective energy savings</td>
<td>All city facilities</td>
<td>every 5 years through 2040</td>
</tr>
<tr>
<td><strong>Energy Audits</strong></td>
<td>B1b Energy Audits performed by FPL to identify cost-effective energy savings, with customers acceptance and agreement</td>
<td>Identify 100 largest electricity-consuming accounts (non-city)</td>
<td>1st cycle within 5 years</td>
</tr>
<tr>
<td><strong>Energy Audits</strong></td>
<td>B1b Energy Audits performed by FPL to identify cost-effective energy savings, with customers acceptance and agreement</td>
<td>Identify 50 largest electricity-consuming accounts (non-city)</td>
<td>subsequent 5 yr cycles years 2015 - 2040</td>
</tr>
<tr>
<td><strong>Home Energy Surveys</strong></td>
<td>B1b FPL and City to encourage Citizens to participate</td>
<td>on-line, phone, in person</td>
<td>on-going</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td>B1c LEED Classes for City Employee</td>
<td></td>
<td>sponsorship up to $2000</td>
</tr>
<tr>
<td><strong>Education Testing Facility</strong></td>
<td>Demonstration of new renewable energy products and technologies to include:</td>
<td>site(s) selected by City, reasonable accepted by FPL</td>
<td></td>
</tr>
<tr>
<td><strong>Building 1</strong></td>
<td>- Five (5) Petra Solar pole-mounted panels with Smart Grid capability (useful life - 20 years)</td>
<td>site(s) selected by City, reasonable accepted by FPL</td>
<td>2011 - Initial installation of 5 stations 2021 - review technology and use for possible additional installation of 10 stations 2031 - replace initial 5 placed in 2011 and review for additional installation of 5 stations 2031 - review and replace/supplement additional installation subject to useful life determination</td>
</tr>
<tr>
<td><strong>Building 1</strong></td>
<td>- Install a DC solar PV array (5kWmax) at School Site (useful life - 20 years)</td>
<td>school(s) selected by City and Sarasota County School Board reasonable accepted by FPL</td>
<td>2011 - Initial installation of (5kW max) array 2021 - review for use and possible additional installation of 2-5 kW max stations 2031 - replace initial installation of array</td>
</tr>
<tr>
<td><strong>Building 1</strong></td>
<td>- Five (5) Electric Vehicle (EV) Charging Stations (useful life - 10 years)</td>
<td>site(s) selected by City, reasonable accepted by FPL</td>
<td>2011 - Initial installation of 5 stations 2016 - review technology and use for possible additional 10 stations 2021 - replace initial installation of 5 stations and determine useful life for subsequent replacement/supplement 2026 - replace additional 10 stations placed in 2016 and determine useful life for subsequent replacement/supplement 2031 - review and replace/supplement stations subject to useful life determination 2036 - review and replace/supplement stations subject to useful life determination</td>
</tr>
<tr>
<td><strong>Building 1</strong></td>
<td>Home Energy MakeOver Initiative (HEMI) - 1500 homes to include as needed, compact fluorescent light bulb, installation of On-Call equipment, weatherstripping, duct and insulation repairs</td>
<td>homes selected by City</td>
<td>2011 - 100 homes 2013 - 150 homes 2015 - 200 homes 2018 - 100 homes 2023 - 150 homes 2035 - 150 homes schedule flexible and subject to change</td>
</tr>
<tr>
<td><strong>Building 1</strong></td>
<td>Non-Profit Energy MakeOver (NEMO) - 15 sites to include as needed, compact fluorescent light bulb, installation of On-Call equipment, weatherstripping, duct and insulation repairs</td>
<td>sites selected by City</td>
<td>schedule to be determined</td>
</tr>
</tbody>
</table>
### City of Sarasota

**Renewable Energy, Energy Efficiency, and Energy Sustainability Agreement**

**Phase 2 Energy Projects - Exhibit B**

All Projects on this list will be longer term projects and / or subject to required approvals and passage of enabling State legislation.

<table>
<thead>
<tr>
<th>Energy Project</th>
<th>What</th>
<th>Where</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar Roof</td>
<td>B2a Large scale roof-top DC solar PV array</td>
<td>As agreed upon</td>
<td>As agreed upon</td>
</tr>
<tr>
<td>LED StreetLights</td>
<td>B2b Demonstration “LED” streetlight pilot program, energy efficient street and area lighting</td>
<td>As agreed upon</td>
<td>As agreed upon</td>
</tr>
<tr>
<td>&quot;Utility Scale&quot; Solar Generation Project</td>
<td>B2c Five (5) to ten (10) MW DC solar generation facility</td>
<td>As agreed upon</td>
<td>Consider Verna Welfield property</td>
</tr>
<tr>
<td>Downtown Transportation Connector</td>
<td>B2d FPL would support the City’s efforts in applying for a federal grant</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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