



Jacob A. Williams
General Manager and Chief Executive Officer (CEO)

March 31, 2024

Mr. Ed Liberty
Director – Electric Utilities
City of Lake Worth Beach
1900 2nd Avenue North
Lake Worth Beach, FL 33461

Letter Agreement for Transmission Operations Support of Certain Limited CTOP Activities

Dear Ed:

Pursuant to your request for FMPA to provide a proposal to the City of Lake Worth Beach (“Lake Worth Beach”) for transmission operations support of certain limited Centralized Transmission Operator (“CTOP”) activities as a Member Service on behalf of Lake Worth Beach, FMPA has prepared a scope of work, herein appended as Attachment A, that defines the boundaries of and important considerations regarding this Member Service project. The scope of work in Attachment A is being proposed inclusive of an annual renewal option based on mutual acceptance of existing terms and conditions by both Lake Worth Beach and FMPA, inclusive of price escalation, if applicable and as determined by FMPA in its sole discretion. Lake Worth Beach can elect to terminate this scope of work at any time at its own risk.

Lake Worth Beach should review Attachment A as well as the terms and conditions set forth in this letter agreement in detail to ensure a proper understanding of respective responsibilities and obligations that remain fully and irrevocably with Lake Worth Beach immediately after Lake Worth Beach’s transition to a Transmission Operator (“TOP”) as defined by NERC, and should coordinate closely with the CTOP System Operator (“SO”), Orlando Utilities Commission (“OUC”), as such transition nears to foster multi-lateral consensus on where responsibilities and obligations of performance reside. Via execution of this letter agreement, Lake Worth Beach hereby agrees and acknowledges that it has read and is in agreement with Attachment A and has coordinated with the CTOP SO consistent with Attachment A and as Lake Worth Beach deems necessary or appropriate.

Nothing in this letter agreement shall imply or convey transference of ultimate compliance responsibility for all aspects of current and potential future elements of any NERC Standards, most notably TOP-002 in current and future/successor forms, to FMPA, nor is this letter agreement intended, nor is it to be construed to be, a Coordinated Functional Registration (“CFR”) agreement. While FMPA’s activities associated with the scope of work in Attachment A are in direct support of Lake Worth Beach’s obligations pursuant to TOP-002, ultimate compliance responsibility to provide the CTOP SO with the appropriate studies and outputs required for the CTOP SO to comply with their pre-existing CFR with Lake Worth Beach (pursuant to a separate agreement made directly between Lake Worth Beach and OUC for said

standard, among other related or unrelated standards), resides either directly with Lake Worth Beach or with the CTOP SO, as applicable.

Consistent with the paragraph above, Lake Worth Beach shall remain fully responsible for any and all fines or penalties associated with non-compliance related to Lake Worth Beach's actions or inaction (or any misalignment between expected and actual performance), as applicable and as determined by either the FRCC Reliability Coordinator ("RC"), SERC, the CTOP SO, or other future regulatory body. In turn, FMPA agrees to collaborate in good faith with Lake Worth Beach to aid in avoiding such circumstances and assist Lake Worth Beach in mitigating risks associated with non-compliance.

Furthermore, both Lake Worth Beach and FMPA recognize and agree that the scope of work as structured in Attachment A is being engaged in under a construct that is amenable to limited activities required of a TOP under current regulatory requirements, and that incremental additions to such requirements may have a material impact on the existing FMPA All-Requirements Power Supply Project ("ARP") Participant CTOP Members and on Lake Worth Beach. Such evolutionary requirements are impossible to predict, and FMPA must work to ensure that the ARP CTOP Members are held harmless from having to incur additional compliance costs due to Lake Worth Beach or make alternative arrangements that would create additional obligations for ARP CTOP Members due to Lake Worth Beach, inclusive of any potential future evolution of standards that may require more detailed evaluations or alternative structures as directed by a regulatory body. As such, Lake Worth Beach agrees that if FMPA bears additional costs for the existing ARP CTOP Members due to the inclusion of Lake Worth Beach, in whole or in part, it will hold FMPA financially harmless by reimbursing FMPA for any incremental cost it incurs and that FMPA reasonably demonstrates was caused by inclusion of Lake Worth Beach, **over and above labor and software costs associated with this proposal, as detailed further in the "Cost to Lake Worth Beach" subsection below.** In turn, FMPA agrees to work in good faith with Lake Worth Beach to provide advance notice, when possible, of impending costs of this nature, at which time Lake Worth Beach can elect to terminate the agreement at their own risk and/or seek an alternative solution to their needs. If unforeseen costs arise that could not have reasonably been anticipated, FMPA shall give written notice to Lake Worth Beach and Lake Worth Beach shall have an express option to immediately terminate the agreement (exercisable within 5 business days of FMPA's notice), and consequently, Lake Worth Beach would only be responsible for their incremental cost and associated payment to FMPA for such unforeseen costs incurred up to termination, or to the extent Lake Worth Beach elects not to terminate the agreement.

Cost to Lake Worth Beach

Given that there is no CFR associated with this scope of work, the hours expected to be dedicated to this effort by FMPA staff is effectively a Member Service project. FMPA's Member Services Advisory Committee has effectuated a policy that affords an FMPA Member up to 80 hours for a project with a defined scope prior to any staff billings. Consistent with this policy, FMPA has developed a good faith estimate on an annual basis of \$70,000 to perform the scope of work as articulated in Attachment A, which FMPA proposes be billed to Lake Worth Beach on a

proportionate monthly basis. While billable Member Projects typically have timecard accounting associated with them, this proposal is predicated upon a fixed fee per month, given the administrative burden of source-separating many parallel, and at times simultaneous, activities to be undertaken by FMPA on behalf of Lake Worth Beach alongside the ARP CTOP Members on a daily basis.

Notwithstanding the cost estimate above, Lake Worth Beach and FMPA acknowledge that compliance standards reflect a dynamic and highly uncertain environment that may require further effort and collaboration in the event standards are changed, appended to, or require a more extensive level of study to support future obligations. FMPA will inform Lake Worth Beach at least annually as to whether any such factors have increased the time involved or scope of work materially, and at such time, Lake Worth Beach can elect to be billed accordingly based on the then-current FMPA good faith estimate or make alternative arrangements subject to the exit provision defined above.

FMPA Agreement to Cover Staffing Contingency Events

Transmission operations planning requires specialized expertise that cannot readily be replaced were FMPA to incur a staffing contingency (either a temporary or permanent loss of access to qualified staff). Currently, FMPA maintains access to 2 full-time-equivalent employees to support ongoing daily CTOP activities. In the event one or more employees are unavailable to FMPA, FMPA will ensure it can continue to provide the scope of services detailed in Attachment A at the same cost to Lake Worth Beach for a maximum of 90 days. Beyond the 90 days, FMPA will work with CTOP Members to ensure coverage is available from an alternative provider. To that end, FMPA has requested cost ranges from capable firms within our existing suite of Master Service Agreements in the realm of power system studies to support our existing CTOP support service areas were FMPA to be in a position of need, recognizing that both ARP TOP Members and Lake Worth Beach could elect to pursue their own solution to such a contingency event.

[Remainder of this page intentionally left blank.]

If Lake Worth Beach agrees with the terms and conditions of this letter agreement, please signify by signing below.

Sincerely,

Jacob Williams
General Manager and CEO

Approved and accepted this ____ day of _____, 202_.

By: _____
TBD

Attest: _____
TBD

Approved as to form & legality:

By: _____
TBD

Attachment A – Scope of Work

Lake Worth Beach Transmission Operations Support of Certain Limited CTOP Activities Scope of Services

March 2024

PROJECT UNDERSTANDING

The City of Lake Worth Beach, FL (“Lake Worth Beach”) power delivery architecture has historically been radially fed¹ by the Florida Power and Light (“FPL”) high voltage transmission system. In effect, the loss of a single path of flow between FPL and Lake Worth Beach’s ultimate end-user distribution system customers would, absent otherwise existing local generation within Lake Worth Beach’s service area, leave customers in the dark until that particular transmission path was restored. Commensurate with recent negotiations with FPL in relation to their Network Integration Transmission Service (“NITS”) and Point-to-Point transmission service (“PTP”) rate filings, the parties advocated for and obtained agreement from FPL to construct a second, redundant transmission connection to the Lake Worth Beach Canal substation (“Canal transmission tap”). This added redundancy is intended to increase reliability under contingency events (e.g. n-1 loss of a transmission feed) and may present other opportunities to lower overall bulk power cost for Lake Worth Beach. The Canal transmission tap effort is ongoing, with an as yet undefined completion date, with estimates for the transition anywhere from summer 2024 to sometime in 2025. Preceding that transition, Lake Worth Beach must prepare for added compliance responsibilities arising from the revised transmission configuration, which will include FRCC Bulk Electric System flows which require Lake Worth Beach to register as a Transmission Operator as defined by NERC and comply with a wide range of TOP, CIP, and other related NERC standards. To support these requirements, Lake Worth Beach has executed an agreement with OUC to serve as their CTOP SO, with an associated CFR with OUC to cover respective compliance responsibilities that are to be borne by OUC as distinguished from Lake Worth Beach.

Based on discussions between OUC and Lake Worth Beach, the CTOP CFR contains an Assignment Agreement and associated provisions which redirect CFR responsibilities back to individual TOPs for certain CTOP functions, including the activities in support of NERC Standard TOP-002 (among other related and unrelated standards), which requires a TOP to perform certain daily activities and requires significant coordination with other TOPs, the FRCC RC, and with FPL to ensure an evergreen condition of transmission system solvency. In order to provide technical support services to aid with certain limited TOP requirements, Lake Worth Beach has

¹ The phrase “radially fed” is an oversimplification of actual architecture, but for practical purposes, represents the historical risk register under which Lake Worth Beach has taken transmission service from Florida Power and Light.

requested support from FMPA to provide certain limited services as a Member Service in support of Lake Worth Beach's obligations to provide the CTOP SO with studies and evaluations generally consistent with the TOP obligations within TOP-002.

PROJECT APPROACH

FMPA will leverage existing staff and power flow software licenses deployed in support of the ARP CTOP Members (currently, KUA and Beaches Energy Services) as well as in support of certain other daily transmission planning analyses and/or coordination for other ARP Participants (e.g. Ocala) to provide those certain limited CTOP activities as defined in the tasks below to Lake Worth Beach. For avoidance of doubt and consistent with the cover letter accompanying this attachment, **nothing in this scope of work shall imply or convey transference of ultimate compliance responsibility for all aspects of current and potential future elements of any NERC Standards, most notably TOP-002 in current and future/successor forms, to FMPA, nor is this letter agreement intended, nor is it to be construed to be, a CFR agreement.**

SCOPE OF SERVICES

Task 1: Next-Day (Daily) Studies, Model Maintenance, and Communications

Each day, beginning on the first day inclusive of the notice to proceed day, FMPA will (i) prepare an Operational Planning Analysis (a daily study conducted directly by FMPA to identify constraints on the transmission system that will need to be mitigated that is provided to the CTOP SO) and (ii) support the FRCC RC's development of an Operating Plan (an analysis conducted by the FRCC RC based on the RC's model that requires provision of mitigations to any transmission constraints or issues identified by the FRCC RC). Both the Operational Planning Analysis and the Operating Plan shall be reflective of anticipated system solvency and associated power flow under steady state and other contingency conditions, as deemed necessary, for the Lake Worth Beach transmission system. Any criteria violations, exceedances relative to system operating limits, or other drivers for mitigations will be identified, which may require significant coordination within a multi-party configuration involving Lake Worth Beach, FPL, FMPP, the FRCC RC, or other impacted systems, which FMPA will lead with support from a designated Lake Worth Beach transmission system operations coordinator who is empowered to make critical operational decisions as may be required from time to time on a day-ahead basis². The Operating Plan cadence will be coordinated with the FRCC RC, which calls for a study to be performed each day, with allowances for weekends and holidays, as applicable.

The Operational Planning Analysis will be based on the daily Florida Municipal Power Pool ("FMPP") and/or Florida Energy Marketing ("FEM") documentation that details projected load levels and associated dispatch conditions for the relevant study area, under the assumption that Lake Worth Beach will remain within the FMPP BA. **Deviations from this existing condition shall require alternative data inputs and may have a material impact on this scope of work as noted in the cover letter to this Attachment.** FMPA will also leverage daily Florida Transaction Management System ("FTMS") data detailing any coordinated transmission system element outages, and will use reasonable efforts to maintain and manage all relevant FRCC OPC models

² FMPA would strongly recommend a similar role be assigned to coordinate with OUC as they lead real-time CTOP functions.

to cover the studies (with new models being released on Monday and Thursday of each week). FMPA will also work with Lake Worth Beach to ensure an accurate representation of Lake Worth Beach's system (e.g. one-line diagram as benchmarked to model build), and will collaborate up front with Lake Worth Beach as required to configure the power flow model to capture the TOP condition immediately preceding deployment to include any edits that may be required to effectuate the Canal transmission tap and associated impacts on flows in the relevant study area(s).

Upon completion of the Operational Planning Analysis, FMPA will lead dissemination of the results of the study to the relevant parties via email, including Lake Worth Beach and the CTOP SO. FMPA will also log the daily RC Operating Plan review on behalf of Lake Worth Beach.

Importantly, as FMPA does not have ultimate authority to negotiate mitigations or alternatives with other transmission owners, FMPA will communicate any pertinent daily study outcomes in an advisory capacity to Lake Worth Beach and be available to address questions and develop options for Lake Worth Beach coordination, using reasonable efforts to assist in enabling Lake Worth Beach to understand the impact(s) of a given situation on a context-specific basis. Lake Worth Beach shall be ultimately responsible for said coordination with relevant outside parties in light of the options available and the associated risks of a given operational decision.

It is also important to note that this scope of work assumes that Lake Worth Beach staff will be fully responsible for cataloguing any evidentiary material as they deem required for compliance with TOP-002 requirements and for provision of requested materials to the CTOP SO, as applicable.

Deliverables:

- Coordinated RC Operating Plan for next day operations (through FRCC RC utilizing FTMS) (FMPA)
- Operational Planning Analysis as defined above and associated communications to relevant parties via email and serving in an advisory capacity to Lake Worth Beach (FMPA)
- Coordination of any criteria violations or system operating limit exceedances with relevant parties on a day-ahead basis (Lake Worth Beach)

Task 2: Outage Studies

Commensurate with the transition to a TOP, in the event Lake Worth Beach would like to take a planned outage on their transmission system, Lake Worth Beach will work to put in a request to both the CTOP SO and to FMPA to perform a study of the requested outage from a transmission solvency perspective, which may require assistance with schedule coordination of the outage with FPL. In addition, FPL may notify Lake Worth Beach of an outage in their surrounding area which may have impacts on the Lake Worth Beach transmission system that will require an outage study to be performed. In either instance, the request to FMPA for an outage study from Lake Worth

Beach would need to include the following required information to support FMPA's performance of the outage study:

1. Specifics of the requested outage – typically, requests would consist of outages associated with the tie lines with FPL at the Canal and Hypoluxo substations as well as any 138 kV lines within the Lake Worth Beach system (i.e. Hypoluxo-Main/Plant and Canal-Main/Plant).
2. Timing of the outage desired (i.e. periodicity).
3. Flexibility on timing or any other specific constraints – note that Lake Worth Beach does not need to request a study for outages on their native distribution system unless there are specific concerns that would require a review – this may require additional modeling of the Lake Worth Beach 26 kV system not currently contemplated in this scope of work.

FMPA will leverage the same tools and modeling constructs as are described within Task 1 above (with the recognition that certain forward looking seasonal cases may need to be utilized to cover the relevant outage study timeframe) to study the requested outage and provide either reassurance to Lake Worth Beach and other relevant parties of the viability of the outage or advise Lake Worth Beach of the need to coordinate further with applicable parties. The urgency of a given outage study will vary based on system conditions, and consequently, FMPA will coordinate with Lake Worth Beach on the appropriate turnaround times for outage study requests on a case-by-case basis.

Importantly, as FMPA does not have ultimate authority to negotiate mitigations or alternatives with other transmission owners, FMPA will communicate outage study outcomes in an advisory capacity only to Lake Worth Beach and be available to address questions and develop options for Lake Worth Beach coordination, using reasonable efforts to assist in enabling Lake Worth Beach to understand the impact(s) of a given situation on a context-specific basis. Lake Worth Beach shall then be ultimately responsible for said coordination with relevant outside parties in light of the options available and the associated risks of a given operational decision.

Deliverables:

- Outage study details required for FMPA evaluation (Lake Worth Beach)
- Outage study outcomes and communication of the same in an advisory role (FMPA)
- Coordination with relevant outside parties (e.g. FPL, CTOP SO) on any required scheduling or mitigation plans that may be required to support a successful outage while maintaining transmission system solvency (Lake Worth Beach)

Task 3: CTOP and Regional Coordination

FMPA will support the representation of Lake Worth Beach as a TOP in the context of both CTOP and regional coordination, as follows:

- Lake Worth Beach and FMPA will support the weekly OUC CTOP outage coordination call as necessary, typically held on Wednesday of each week. FMPA's attendance on the weekly call will be on an as-needed basis, with Lake Worth Beach's attendance highly encouraged for long term knowledge transfer purposes irrespective of whether there are any relevant outages in a given week.
- FMPA will coordinate with the FRCC OPWG to maintain models to support the most accurate system representation for both the daily and seasonal study cases.
- FMPA will participate in the FRCC OPC weekly regional call to ensure regional alignment of expectations and required cross-functional communication of any issues, as applicable.
- FMPA will supplement existing support of Lake Worth Beach in the context of FRCC OPC seasonal studies on a quarterly basis with any incremental nuances that may be required as a result of the transition of the system to a TOP (only as applicable).

Deliverables:

- Participation or coordination by at least one FMPA transmission planner in the calls, model maintenance, and study enhancements defined above (FMPA)

Task 4 (OPTIONAL): Participation in SERC Interactions As Directed by CTOP SO

As an optional task, FMPA transmission planning staff can be available to participate in any forthcoming Lake Worth Beach interactions with the Regional Entity that may be required to demonstrate that Lake Worth Beach has adequately planned for the specific subset of compliance responsibilities that this Member Services project is related to, as directed by Lake Worth Beach's CTOP SO (OUC). As the timing, duration, and nature of such support is as yet undefined, FMPA will work with Lake Worth Beach and the CTOP SO to determine whether and to what extent such support is necessary. This scope of work does not anticipate extended interactions of that nature beyond approximately 8-10 hours on an annual basis, with the most likely outcome being that this task may not be required after Lake Worth Beach begins operating as a TOP (as any review by the Regional Entity beyond such time would likely be in the form of either a spot check or an audit).

Deliverables:

- Up to 10 hours of support with SERC related interactions as directed by the CTOP SO (FMPA)