

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of HORIZON WEST
TRANSMISSION, LLC (U 222-E) for Exemptions
from Public Utilities Code Sections 816-830 and 851
Relating to Securities Transactions.

Application 19-09-
(Filed September 5, 2019)

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EXEMPTIONS FROM PUBLIC UTILITIES CODE SECTIONS 816-830 AND 851
RELATING TO SECURITIES TRANSACTIONS**

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TABLE OF CONTENTS

	<u>Page</u>
TABLE OF AUTHORITIES	iii
I. INTRODUCTION	2
II. DESCRIPTION OF HORIZON WEST.....	4
III. APPLYING PU CODE SECTIONS 816-830 AND 851 TO HORIZON WEST’S SECURITIES TRANSACTIONS IS NOT NECESSARY IN THE PUBLIC INTEREST.....	6
A. PU Code Sections 829(c) and 853(b) Authorize the Commission to Grant the Requested Exemptions.....	6
B. Because Horizon West Will Obtain FERC Approval for Securities Transactions, Commission Review of the Same Transactions is Not Necessary to Protect the Public Interest.....	7
C. Commission Precedent Supports Granting the Requested Exemptions.	9
IV. HORIZON WEST SEEKS THE REQUESTED EXEMPTIONS TO INCUR INDEBTEDNESS AND ENCUMBER ITS PROPERTY PURSUANT TO THE LOAN DOCUMENTS.....	12
A. Rule 3.5(a)—Description of Horizon West’s Property, Field of Operation, and Costs.....	13
B. Rule 3.5(b)—Amount and Kind of Debt.	14
C. Rule 3.5(c)—Purposes for Issuance.....	15
D. Rule 3.5(d)—Description of Obligation or Liability.	15
E. Rule 3.5(e)—Update to Annual Report	16
F. Rule 3.5(f)—Copy of Documentation and Rule 3.5(g)—Copy of Agreement for Indebtedness.	16
G. Exemption from the Commission’s New Financing Rule	16
V. PROCEDURAL REQUIREMENTS AND INFORMATION	18
A. Rule 2.1(a)—Legal Name and Principal Place of Business.	18
B. Rule 2.1(b)—Correspondence Information.	18
C. Rule 2.1(c)—Proposed Category, Need for Hearing, Issues, and Schedule.....	18

D.	Rule 2.2—Organization and Qualification to Transact Business	20
E.	Rule 2.4—CEQA Compliance.....	20
F.	Fees	21
G.	Service.....	21
VI.	EXHIBITS	22
VII.	CONCLUSION AND REQUESTED RELIEF	22

VERIFICATION

LIST OF EXHIBITS:

Exhibit A:	Loan Agreement between Horizon West Transmission, LLC and NextEra Energy Capital Holdings, Inc.
	Security Agreement between Horizon West Transmission, LLC and NextEra Energy Capital Holdings, Inc.
	Construction Deed of Trust with Assignment of Leases and Rents, Security Agreement and Fixture Filing
Exhibit B:	Declaration of Mr. Brian Duncan
Exhibit C:	Declaration of Mr. Aldo Portales
Exhibit D:	Horizon West Transmission, LLC Balance Sheet and Income Statement
Exhibit E:	Horizon West Transmission, LLC Certificate of Formation (Delaware) and Certificate of Registration with the California Secretary of State

TABLE OF AUTHORITIES

	Page(s)
 <u>STATUTES</u>	
16 U.S.C. § 824c(a).....	8
Cal. Pub. Res. Code § 21065	20
Cal. Pub. Util. Code §§ 816-830.....	<i>passim</i>
Cal. Pub. Util. Code § 817	13, 15, 23
Cal. Pub. Util. Code § 818	1, 6, 13, 23
Cal. Pub. Util. Code § 829	1, 2, 6
Cal. Pub. Util. Code § 851	<i>passim</i>
Cal. Pub. Util. Code § 853	1, 2, 6, 7
Cal. Pub. Util. Code § 854	10, 23
Cal. Pub. Util. Code § 1904(b)	13, 21, 24
 <u>REGULATIONS</u>	
14. Cal. Code of Regs. § 15060(c)(2)	21
14. Cal. Code of Regs. § 15061(b)(3)	21
 <u>COMMISSION DECISIONS</u>	
Decision 87-10-035.....	7
Decision 91-12-022.....	11, 12
Decision 00-03-049.....	11
Decision 00-06-064.....	7, 11
Decision 12-06-015.....	16, 17
Decision 14-01-008.....	17, 18
Decision 16-09-003.....	<i>passim</i>
Decision 18-09-030.....	4, 5, 16

COMMISSION GENERAL ORDERS

General Order 24-C.....	17
General Order 104-A	16

COMMISSION RULES

Rule 1.3	19
Rule 2.1	18, 19
Rule 2.2	20
Rule 2.4	20
Rule 3.5	<i>passim</i>
Rule 7.1(e)(2)	19

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RELATING TO SECURITIES TRANSACTIONS**

Pursuant to California Public Utilities Code (“PU Code”) Sections 829(c) and 853(b) and Article 2 and Rule 3.5 of the Rules of Practice and Procedure (“Rules”) of the California Public Utilities Commission (“Commission”), Horizon West Transmission, LLC (U 222-E) (“Horizon West”) files this application (“Application”) requesting exemptions from PU Code Sections 816-830 and 851 to enable Horizon West to incur indebtedness from certain affiliates to finance construction and operation of its transmission facilities and encumber its assets as security for the debt. Horizon West requests these exemptions to incur indebtedness pursuant to a Loan Agreement with its affiliate, NextEra Energy Capital Holdings, Inc. (“NEECH”), an associated Security Agreement, and a Construction Deed of Trust with Assignment of Leases and Rents, Security Agreement and Fixture Filing (“Deed of Trust”), the forms of which are attached to this Application in Exhibit A (collectively, the “Loan Documents”), and thereby to encumber its assets as security for such debt. The total indebtedness to be incurred under the Loan Documents will be up to and not in excess of \$35 million. Horizon West also requests the exemptions to enable potential future financings and refinancings.

If the Commission decides not to grant the requested exemptions, then Horizon West requests Commission approval pursuant to PU Code Sections 818 and 851 to incur indebtedness and encumber its assets pursuant to the Loan Documents. Horizon West requests expedited

approval of the exemptions (or, alternatively, approval of the debt issuance pursuant to the Loan Documents) by February 2020.

I. INTRODUCTION

Horizon West seeks an exemption from PU Code Sections 816–830 to facilitate debt transactions that will fund construction of its transmission facilities. Horizon West requests this exemption pursuant to PU Code Section 829(c), which authorizes the Commission to “exempt any public utility or class of public utility from *this article* if it finds that the application thereof to such public utility or class of public utility is not necessary in the public interest” (emphasis added). The “article” referenced in PU Code Section 829(c) is Division 1, Part 1, Chapter 4, Article 5 of the PU Code, consisting of PU Code Sections 816–830 (“Article 5”). Horizon West also seeks a limited exemption from PU Code Section 851 to encumber its assets as security for the exempted debt issuances. Horizon West requests that limited exemption pursuant to PU Code Section 853(b), which authorizes the Commission to “exempt any public utility or class of public utility from this article if it finds that the application thereof with respect to the public utility or class of public utility is not necessary in the public interest.”

Application of PU Code Sections 816–830 and 851 to Horizon West is not necessary in the public interest because: (i) Horizon West is a transmission-only utility that has no direct customers of its own and no retail customers; (ii) Horizon West’s rates are established and approved by the Federal Energy Regulatory Commission (“FERC”), not by the Commission, and FERC regulates the extent to which costs may be recovered in transmission rates; (iii) Horizon West’s securities transactions are subject to FERC review and approval to determine whether they are consistent with the public interest, making separate review by the Commission both unnecessary to protect the public interest and duplicative; and (iv) interested parties have the opportunity to participate in FERC proceedings regarding review and approval of Horizon

West's rates and security transactions and thus are not disadvantaged if exemptions are granted from the requirements for separate Commission review.

The Commission has granted similar exemptions in the past. Most directly relevant, the Commission granted exemptions from PU Code Sections 816–830 and 851 to Trans Bay Cable LLC (“TBC”), which, like Horizon West, is a transmission-only public utility in California that is subject to rate regulation exclusively by FERC. In Decision (“D.”) 16-09-003, the Commission granted TBC an exemption from PU Code Sections 816-830 and a partial exemption from PU Code Section 851 (covering the exempted security transactions), subject to certain conditions.¹ Horizon West is requesting the same exemptions in this Application and is willing to accept similar conditions to those established for TBC in D.16-09-003. Horizon West's requested exemptions and proposed conditions are discussed in Section III below.

Horizon West requests issuance of a Commission order granting the requested exemptions on an expedited basis. Horizon West plans to obtain debt financing through the Loan Documents to finance the costs incurred to construct its transmission facilities. This transaction needs to be in place by early 2020 to finance the construction costs incurred for the first of these projects—the Suncrest Dynamic Reactive Power Supply Project (“Suncrest SVC Project”)—which is scheduled to go into service during the first quarter of 2020. Horizon West therefore requests a Commission order granting the requested exemptions no later than February 2020. Horizon West also is seeking the exemptions to facilitate potential future financings and refinancings without the need to obtain separate Commission approval.

If the Commission decides not to grant the requested exemptions, then Horizon West requests Commission approval by February 2020 for Horizon West's pending financing transaction pursuant to the Loan Documents. That transaction is described in Section IV below,

¹ D.16-09-003 (*Application of Trans Bay Cable LLC (U934E) for Order Exempting Securities Issuance Transactions from Commission Authorization Pursuant to Public Utilities Code Sections 829 and 853* (“TBC Exemption Application”)) at 10-11, Ordering Paragraphs 1-4.

which also provides the information required in the PU Code and Rule 3.5. Section V below includes additional information required in Article 2 of the Rules.

II. DESCRIPTION OF HORIZON WEST

Horizon West is a Delaware limited liability corporation that was formed in 2014 and is the entity formerly known as NextEra Energy Transmission West, LLC (“NEET West”). Horizon West is a wholly-owned subsidiary of NextEra Energy Transmission, LLC, and an indirect, wholly-owned subsidiary of NEECH and NextEra Energy, Inc. Horizon West was the project sponsor selected for two transmission projects that were identified by the California Independent System Operator Corporation (“CAISO”) in its transmission planning process and subjected to a competitive solicitation in accordance with FERC Order No. 1000. Horizon West is described in more detail in the supporting declaration from Mr. Brian Duncan, provided as Exhibit B to this Application.

Horizon West is currently constructing the first of those projects, the Suncrest SVC Project. The Commission granted Horizon West a certificate of public convenience and necessity (“CPCN”) for the Suncrest SVC Project in D.18-09-030. The Suncrest SVC Project is located in San Diego County and includes two primary components: (1) a +300/-100 Megavar (“Mvar”) static var compensator (“SVC”) with a nominal terminal voltage of 230 kilovolts (“kV”); and (2) an approximately one-mile 230 kV single-circuit underground transmission line that will interconnect the SVC with the existing Suncrest Substation. Once constructed, the Suncrest SVC Project will be placed under the CAISO’s operational control, and Horizon West will operate and maintain the Suncrest SVC Project as a Participating Transmission Owner in accordance with the CAISO Tariff. Horizon West thus will be a transmission-only public utility and will not have a service territory or customers. Horizon West’s rates are regulated by FERC

pursuant to FERC's exclusive authority under the Federal Power Act ("FPA") over transmission rates.²

Horizon West is in the process of obtaining Commission approval for the second project, the Estrella Substation Project (referred to together with the Suncrest SVC Project as the "Projects"). Horizon West filed an application for a Permit to Construct ("PTC") the Estrella Substation Project, which is pending in Docket No. A.17-01-023. The Estrella Substation Project is located in San Luis Obispo County and consists of new 230 kV buswork and termination equipment and a new 230/70 kV transformer bank (collectively, the "230/70 kV Substation"), and new 230 kV transmission line segments that will interconnect the 230/70 kV Substation with existing facilities owned by Pacific Gas and Electric Company ("PG&E"). PG&E will construct and own a number of related components that were not eligible for competitive solicitation. Once constructed, the Estrella Substation Project also will be under the CAISO's operational control and Horizon West will operate and maintain the Estrella Substation Project as a Participating Transmission Owner under the CAISO Tariff. Just as with the Suncrest SVC Project, FERC has exclusive authority to regulate Horizon West's rates for the Estrella Substation Project.

² See D.18-09-030 (*In the Matter of the Application of NextEra Energy Transmission West, LLC for a Certificate of Public Convenience and Necessity for the Suncrest Dynamic Reactive Power Support Project* ("Suncrest CPCN Application") at 6 ("The costs of the Proposed Project will be recovered solely through transmission rates as part of the CAISO Transmission Access Charge (TAC), following approval by [FERC], which has jurisdiction over rates for interstate transmission service. FERC has accepted NEET West's transmission owner tariff, approved its formula transmission rate design, and granted its requests for recovery of certain transmission rate incentives, including recovery of prudently occurred costs for abandoned plant, should NEET West abandon the project for reasons outside of its control.").

III. APPLYING PU CODE SECTIONS 816-830 AND 851 TO HORIZON WEST'S SECURITIES TRANSACTIONS IS NOT NECESSARY IN THE PUBLIC INTEREST.

A. PU Code Sections 829(c) and 853(b) Authorize the Commission to Grant the Requested Exemptions.

The Commission regulates public utilities' stock and securities transactions under Article 5 (consisting of PU Code Sections 816–830), and the encumbrance of public utility assets under PU Code Section 851. PU Code Section 818 states:

No public utility may issue stocks and stock certificates, or other evidence of interest or ownership, or bonds, notes, or other evidences of indebtedness payable at periods of more than 12 months after the date thereof unless, in addition to the other requirements of law it shall first have secured from the commission an order authorizing the issue, stating the amount thereof and the purposes to which the issue or the proceeds thereof are to be applied, and that, in the opinion of the commission, the money, property, or labor to be procured or paid for by the issue is reasonably required for the purposes specified in the order, and that, except as otherwise permitted in the order in the case of bonds, notes, or other evidences of indebtedness, such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

When a public utility pledges its utility assets as security for debt, then approval is also required under PU Code Section 851, which specifies in relevant part as follows:

A public utility, . . . shall not sell, lease, assign, mortgage, or otherwise dispose of, or encumber the whole or any part of its . . . line, plant, system, or other property necessary or useful in the performance of its duties to the public, or any franchise or permit or any right thereunder . . . without first having either secured an order from the commission authorizing it to do so for qualified transactions valued above five million dollars (\$5,000,000). . . .

PU Code Section 829(c) expressly authorizes the Commission to exempt a public utility from Article 5 (PU Code Sections 816–830) by stating:

The commission may from time to time by order or rule, and subject to such terms and conditions as may be prescribed therein, exempt any public utility or class of public utility from this article if it finds that the application thereof to such public utility or class of public utility is not necessary in the public interest.

Similarly, PU Code Section 853(b) expressly authorizes the Commission to exempt a public utility from the requirements of PU Code Section 851 by stating:

The commission may from time to time by order or rule, and subject to those terms and conditions as may be prescribed therein, exempt any public utility or class of public utility from this article if it finds that the application thereof with respect to the public utility or class of public utility is not necessary in the public interest.

Pursuant to these provisions, the Commission has express statutory authority to grant Horizon West's requested exemptions upon a finding that application of PU Code Sections 816-830 and 851 to Horizon West "is not necessary in the public interest." Although PU Code Section 853(b) allows the Commission to grant an exemption from the entire "article" (referring to Division 1, Part 1, Chapter 4, Article 6 of the PU Code consisting of Sections 851–857), in this Application Horizon West only seeks an exemption from PU Code Section 851 and only with respect to the securities transactions that would be exempt from PU Code Sections 816–830 if the Commission grants the exemptions requested in this Application. Thus, like TBC, Horizon West only seeks a partial exemption from PU Code Section 851.

B. Because Horizon West Will Obtain FERC Approval for Securities Transactions, Commission Review of the Same Transactions is Not Necessary to Protect the Public Interest.

The Commission has stated that the rationale for regulating financial transactions of public utilities "is to insure that a . . . public utility does not engage in imprudent financial transactions to the point where it is unable to provide public service to its captive customer base."³ In Horizon West's case, this objective is fully served by FERC's review of any securities issuances by Horizon West. Therefore, requiring Horizon West to file applications under PU Code Sections 816–830 and 851 for its security transactions is not necessary in the public interest, as explained below.

³ D.87-10-035 (*In Re Crico Telecommunications of San Jose*), 1987 WL 1497689 at 3; see also D.00-06-064 (*In the Matter of Application of Avista Corporation U-907-G for an Order Exempting its Securities Issuance Transactions from Commission Authorization Pursuant to Sections 829 and 853 of the Public Utilities Code* ("Avista Exemption Application"), 2000 Cal. PUC LEXIS 340 at *5.

As described above, Horizon West is a transmission-only utility whose rates are regulated exclusively by FERC under the FPA. Section 204 of the FPA requires a public utility such as Horizon West to obtain FERC approval for securities issuances.⁴ Under this statute, FERC may only authorize a public utility's securities issuance if it finds that the issuance:

- (a) is for some lawful object, within the corporate purposes of the applicant and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility and which will not impair its ability to perform that service, and
- (b) is reasonably necessary or appropriate for such purposes.⁵

As discussed in the attached Declaration of Mr. Duncan, Horizon West will file applications with FERC under FPA Section 204 for its securities issuances, including the financing transaction to be accomplished through the Loan Documents. Interested parties will have the opportunity to participate in those proceedings, and FERC ultimately will determine whether the issuances are in the public interest and whether any conditions on approval are necessary.⁶ FERC's review and approval of Horizon West's securities transactions provide the regulatory oversight to ensure that Horizon West does not engage in imprudent transactions that could impair Horizon West's ability to own, operate and maintain its facilities. The Commission's stated objective for overseeing utility financial transactions thus will be met, and there is no need for the Commission to engage in a redundant review of the FERC-approved transactions.

Accordingly, requiring Horizon West to request and obtain separate Commission approval for its securities transactions under PU Code Sections 816–830 and 851 would create

⁴ FPA Section 204(a) provides: “No public utility shall issue any security, or assume any obligation or liability as guarantor, indorser, surety, or otherwise in respect of any security or other person, unless and until, and then only to the extent that, upon application by the public utility, the [FERC] by order authorizes such issue or assumption of liability.” 16 U.S.C. § 824c(a).

⁵ *Id.*

⁶ Exhibit B, Declaration of Mr. Brian Duncan at page 4, lines 8-15.

unnecessary duplication of FERC's review and unnecessarily consume Commission resources. Because this additional layer of review is not necessary to advance the Commission's stated purpose of ensuring that Horizon West does not engage in financial transactions that undermine Horizon West's ability to operate and maintain its facilities, it is appropriate to grant the requested exemptions.

C. Commission Precedent Supports Granting the Requested Exemptions.

The Commission has exercised its statutory authority to grant exemptions from PU Code Sections 816–830 and 851 when the public interest does not require Commission review and approval of a utility's securities transactions. In D.16-09-003, the Commission granted the same exemptions requested in this Application to TBC, another transmission-only public utility whose rates and securities transactions are regulated by FERC, based on the following findings:

This Commission has an interest in ensuring that Trans Bay Cable's facilities are maintained and operated in a safe and reliable manner, and ensuring that Trans Bay Cable's securities transactions do not impair its ability to provide safe and reliable service. (*See*, Section 451.) In addition, securities transactions have the potential to result in a functional or actual change of ownership or control of a company; this Commission does not intend to authorize any such change by this decision. And finally, while Trans Bay Cable's rates are set by FERC, this Commission does not want to inadvertently authorize by omission securities transactions that result in significant rate increases that will ultimately be passed on to retail customers in California. *At the same time, having the Commission review every securities transaction (such as the present one) does appear to provide little value while imposing costs on Trans Bay Cable, the Commission, and California ratepayers. Accordingly, the Commission grants Trans Bay Cable's request for exemption from §§ 816-830 and a corresponding exemption from § 851, but with conditions and limitations.*⁷

Accordingly, in D.16-09-003, the Commission granted TBC exemptions from PU Code Section 816–830 for securities transactions and from PU Code Section 851 corresponding to the exemption granted for TBC's securities transactions, all subject to the following conditions and limitations:

⁷ D.16-09-003 (TBC Exemption Application) at 6 (emphasis added).

1. The exemptions granted to TBC by D.16-09-003 may be revoked, limited, or conditioned on a prospective basis by the Commission at any time.
2. The exemptions granted to TBC by D.16-09-003 are subject to the following conditions and limitations:
 - (a) If TBC is cited by the Commission for a safety violation, or if the Commission opens an Order Instituting Investigation for a safety violation, the exemptions are prospectively revoked;
 - (b) If TBC anticipates requesting more than a 20% rate increase from FERC as a result of a securities transaction, the exemptions do not apply to that transaction, and TBC must file an application at the Commission;
 - (c) If a securities transaction will result in a functional or actual change of ownership or control of TBC or its facilities (that would trigger a requirement for prior Commission approval under PU Code Section 854 or Section 851), the exemptions do not apply, and Trans Bay Cable must file an application at the Commission;⁸ and
 - (d) D.16-09-003 did not grant an exemption from the requirements of PU Code Section 854.⁹

Horizon West is very similar to TBC. Like TBC, Horizon West is a transmission-only public utility with rates exclusively regulated by FERC. Like TBC, Horizon West will obtain FERC approval for its securities transactions, thereby obviating the need for separate and duplicative Commission review. The Commission's rationale for granting exemptions to TBC also applies equally to Horizon West because FERC's review of Horizon West's financing transactions under FPA Section 204 will ensure that any issuances of debt or equity securities are consistent with the public interest and do not impair Horizon West's ability to serve the public. Additionally, Horizon West is willing to accept similar conditions and limitations to those applied to TBC in D.16-09-003, and Horizon West has drafted its requested relief in this

⁸ Horizon West interprets this condition to refer to a change in ownership or control that would trigger a requirement for prior Commission approval under PU Code Section 854 or PU Code Section 851 and has made this clarification in the condition that Horizon West proposes to accept, as described in this Application.

⁹ D.16-09-003 (TBC Exemption Application) at 10-11, Ordering Paragraphs 1-4.

Application accordingly.¹⁰ For these reasons, the Commission should grant Horizon West the same exemptions from PU Code Sections 816–830 and 851 that were granted to TBC in D.16-09-003, subject to similar conditions and limitations.

Finally, granting the requested exemptions is also consistent with other Commission decisions granting exemptions from PU Code Sections 816–830 and 851 to utilities whose securities issuances are regulated and reviewed by other regulatory agencies. For example, in D.00-06-064, the Commission granted Avista Corporation, a multi-state gas and electric utility, an exemption from PU Code Sections 816–830 and 851, based on the Commission’s finding that because commissions in three other states would approve the utility’s securities transactions, there was diminished value in this Commission also doing so.¹¹ Likewise, in D.00-03-049, the Commission found that Sierra Pacific Power Company, a multi-state utility headquartered in Nevada, was exempt from PU Code Sections 816–830 and 851 for a \$200 million debt issuance, in part because the utility’s applications for securities issuances were reviewed and regulated by the Public Utilities Commission of Nevada under Nevada laws that “provide for full review and regulation of Sierra Pacific’s securities [issuances].”¹² Similarly, in D.91-12-022, the Commission exempted a \$181 million debt and equity issuance for Washington Water Power Company from PU Code Sections 816–830, and found that “these Securities have been previously authorized by the utility commissions in the states of Washington, Idaho, and Oregon and effective registration statements for these issues are on file with the Securities and Exchange

¹⁰ Horizon West’s willingness to accept these limitations and conditions is also confirmed in Exhibit B, Declaration of Mr. Brian Duncan at page 4, lines 16-34.

¹¹ D.00-06-064 (Avista Exemption Application), 2000 Cal. PUC LEXIS 340 at *7 (“The fact that Avista’s regulated gas operations are subject to the scrutiny of three other state commissions provides additional grounds for an exemption.”).

¹² D.00-03-049 (*In the Matter of the Application of Sierra Pacific Power Company U-903-E for an Order exempting its securities issuance transactions from Commission authorization pursuant to Sections 829 and 853 of the Public Utilities Code et al.*), 2000 Cal. PUC LEXIS 227 at *5.

Commission.”¹³ Because another regulatory agency, namely FERC, will approve Horizon West’s securities transactions, the foregoing decisions provide additional support for granting Horizon West’s requested exemptions.

IV. HORIZON WEST SEEKS THE REQUESTED EXEMPTIONS TO INCUR INDEBTEDNESS AND ENCUMBER ITS PROPERTY PURSUANT TO THE LOAN DOCUMENTS.

Horizon West seeks the exemptions described above to facilitate its issuance of long-term debt through the Loan Documents and also to engage in potential future financings and refinancings without the need for Commission approval. If, however, that Commission decides not to grant the requested exemptions, then Horizon West respectfully requests that the Commission approve the issuance of long-term debt pursuant to the Loan Documents to allow Horizon West to finance costs incurred to build the Projects.¹⁴

Horizon West proposes to enter into the Loan Agreement with NEECH in an aggregate principal amount up to and not to exceed \$35 million to facilitate Horizon West’s construction, operation, and maintenance of the Projects. In addition, Horizon West and NEECH expect to enter into the Security Agreement, which will create a first priority continuing security interest in Horizon West’s assets and personal property, including the Projects, as well as the Deed of Trust to secure the interest in the real property upon which the Projects are located. Copies of these agreements, defined collectively above as the Loan Documents, are provided in Exhibit A.

Thus, if the Commission declines to grant Horizon West the requested exemptions from PU Code Sections 816–830 and 851, then Horizon West requests Commission authorization to

¹³ D.91-12-022 (*Re Washington Water Power Co.*), 1991 WL 552546 at 2.

¹⁴ Nothing in this Application is intended to suggest that Horizon West is requesting approval in this proceeding for construction of the Estrella Substation Project. Construction of the Estrella Substation Project will commence only if and when the Commission grants approval in the pending Docket No. 17-01-023, and then only on the terms and conditions authorized in any such Commission approval.

incur indebtedness and encumber its assets under the Loan Documents, and related findings for the following:

- (1) Authorization to obtain debt capital in an aggregate principal amount of up to \$35 million at any time through the Loan Agreement;
- (2) Authorization to use the net proceeds from the Loan Agreement for the construction, completion, extension, or improvement of the Projects and for the improvement or maintenance of its service in accordance with PU Code Section 817;¹⁵
- (3) A finding that the authority granted in the Commission decision approving this Application complies with the requirements of PU Code Section 818;
- (4) A finding that the authority granted in the Commission's decision approving this Application shall be effective upon payment of the fee specified in PU Code Section 1904(b);
- (5) A finding that Horizon West is authorized to encumber its property and assets under the Security Agreement and the Deed of Trust; and
- (6) A grant of all such additional authorizations as the Commission may deem necessary and appropriate in connection with this Application.

In support of this request, Horizon West provides the information required by Commission Rule 3.5 in the remainder of this Section IV.

A. Rule 3.5(a)—Description of Horizon West's Property, Field of Operation, and Costs.

Horizon West is a public utility in California (U 222-E), based in San Francisco and regulated by the Commission. Horizon West was selected by the CAISO as the project sponsor for two transmission projects that are in various stages of construction and permitting.

Specifically, as described in Section II, above, Horizon West is currently constructing the Suncrest SVC Project, which is located in San Diego County and consists of a +300/-100 Mvar 230 kV SVC facility and an approximately one-mile 230 kV single-circuit underground transmission line. Once constructed, the Suncrest SVC Project will be placed under the CAISO's operational control, and Horizon West will operate and maintain the Suncrest SVC Project as a Participating Transmission Owner in accordance with the CAISO Tariff. Horizon

¹⁵ See PU Code §§ 817(b) and (c).

West expects to complete and place the Suncrest SVC Project into service in the first quarter of 2020.¹⁶

Horizon West is in the process of obtaining Commission approval for the second project, the Estrella Substation Project.¹⁷ The Estrella Substation Project is located in San Luis Obispo County and consists of new 230/70 kV Substation and new 230 kV transmission line segments that will interconnect the 230/70 kV Substation with existing facilities owned by PG&E. Once constructed, the Estrella Substation Project also will be under the CAISO's operational control, and Horizon West will operate and maintain the Estrella Substation Project as a Participating Transmission Owner under the CAISO Tariff.¹⁸

Horizon West's latest available balance sheet showing assets and liabilities as of June 30, 2019 and its income statement for the year ending June 30, 2019 are attached hereto as Exhibit D.

B. Rule 3.5(b)—Amount and Kind of Debt.

Horizon West proposes to enter into the Loan Agreement with NEECH, which is an indirect parent company of Horizon West. Under the Loan Agreement, NEECH agrees to make one or more revolving advances to Horizon West, up to an aggregate amount of \$35 million at any time. The loan will mature 30 years from execution of the Loan Agreement or an earlier date if accelerated under the terms of the Loan Agreement. The interest rate under the Loan Agreement will be calculated based upon the benchmark rate for U.S. Treasury bond yields, plus a margin of 2.32 percent per annum. Under the Security Agreement, the loan will be secured by a first priority continuing security interest in Horizon West's assets and personal property,

¹⁶ Exhibit B, Declaration of Mr. Brian Duncan at page 2, lines 8-21, and page 3, lines 32-33.

¹⁷ Horizon West's application for a PTC for the Estrella Substation Project is pending in Docket No. A.17-01-023.

¹⁸ Exhibit B, Declaration of Mr. Brian Duncan at page 2, lines 22-32.

including those comprising the Projects. Under the Mortgage Deed of Trust, the loan will be secured by an interest in the real property upon which the Projects are located.

C. Rule 3.5(c)—Purposes for Issuance.

Horizon West proposes to enter into the Loan Agreement in order to fund the construction costs incurred and the completion of the Projects, as well as to meet the ongoing capital needs associated with the ownership and operation of the Projects.¹⁹ Thus, under the requirements of PU Code Section 817, Horizon West proposes to utilize the proceeds of the Loan Agreement for “the construction, completion, extension, or improvement of its facilities,” and “for the improvement or maintenance of its service.”

Specifically, Horizon West will incur construction costs for the Suncrest SVC Project in 2019 and early 2020, before placing the project into service in the first quarter of 2020. If and when Horizon West receives all necessary regulatory approvals for the Estrella Substation Project, Horizon West will incur construction costs for that project, as well. Horizon West expects to utilize up to approximately \$29 million from the proceeds of the Loan Agreement to fund these construction costs. Additionally, Horizon West expects to utilize the remaining proceeds from the Loan Agreement to fund its ongoing working capital needs, beginning in the first quarter of 2020.²⁰

D. Rule 3.5(d)—Description of Obligation or Liability.

Through the Loan Agreement, NEECH agrees to make one or more revolving advances to Horizon West, in an aggregate principal amount not to exceed \$35 million at any time, provided that NEECH shall in no event have any requirement to fund more than two loans during any calendar month. Horizon West shall use the loan proceeds exclusively in connection with its construction and operation and maintenance of the Projects and for working capital needs, as described above, while maintaining a ratio of consolidated debt of borrower to consolidated

¹⁹ Exhibit B, Declaration of Mr. Brian Duncan at page 3, lines 27-29 and page 4, lines 1-2.

²⁰ Exhibit B, Declaration of Mr. Brian Duncan at page 3, line 12 through page 4, line 2.

capitalization of borrower at any time not to exceed 0.45 to 1.00. Horizon West and NEECH have agreed in the Loan Agreement that Horizon West shall repay in full the loan amounts, plus all interest accrued and unpaid and all fees and other amounts, no later than the Maturity Date, which is agreed to be 30 years from execution of the Loan Agreement.

E. Rule 3.5(e)—Update to Annual Report

The Commission has granted Horizon West an exemption from the Annual Report requirement in General Order 104-A.²¹ Nevertheless, Horizon West is not aware of any material financial interest of any director, nominee for election to director, or officer, and any person or other legal entity being the record owner or known by Horizon West to be the beneficial owner of securities having ten percent or more of the voting power in the utility in any transaction involving the purchase of materials and equipment or the contracting, arranging, or paying for construction, maintenance work, or service of any kind to which the utility has been a party during the prior year, or to which the utility proposed, at the conclusion of the prior year, to become a party.

F. Rule 3.5(f)—Copy of Documentation and Rule 3.5(g)—Copy of Agreement for Indebtedness.

Copies of the form of the Loan Documents are provided in Exhibit A to this Application.

G. Exemption from the Commission's New Financing Rule

Horizon West also requests confirmation that the securities transaction to be effectuated through the Loan Documents is exempt from the rules adopted in D.12-06-015 (referred to as the "New Financing Rule"). The New Financing Rule outlines requirements that utilities must meet when seeking to incur indebtedness. The New Financing Rule also provides specific exemptions for issuances of \$42 million or less, adjusted yearly for inflation pursuant to the California Department of Finance's Consumer Price Index ("CPI"), and for "[d]ebt issues made through an affiliate that provides debt issuance services to all affiliates of the same parent are exempt from

²¹ D.18-09-030 (Suncrest CPCN Application) at 48.

the Financing Rule if such debt accounts for less than five percent (5%) of the financing affiliate's annual issuances.”²²

Through this Application, Horizon West is requesting the exemptions described in Section III above or, in the alternative, approval of the financing transaction to be effectuated through the Loan Documents, to allow Horizon West to borrow up to \$35 million, which is significantly below both thresholds for exemptions from the New Financing Rule, as explained in the attached declaration of Mr. Aldo Portales, provided as Exhibit C to this Application. First, the total amount that NEECH will lend to Horizon West under the Loan Agreement is less than the \$42 million exemption threshold in the New Financing Rule, even without adjusting that threshold for inflation.²³ Second, regarding the exemption for debt issues made through an affiliate, the total amount that NEECH will loan to Horizon West under the Loan Agreement is far less than five percent of NEECH's annual debt issuances. For example, in calendar year 2018, NEECH issued approximately \$8.5 billion in capital markets issuances, and thus the debt financing that NEECH expects to loan to Horizon West under the Loan Agreement would have represented 0.4 percent of the total issuances by NEECH. In calendar year 2019 to date, NEECH has issued capital markets issuances of over \$5.9 billion, making the loan amount to Horizon West 0.6 percent of NEECH's total annual issuances, even assuming no further issuances by NEECH in 2019.²⁴ Therefore, the financial transaction under the Loan Documents qualifies for the exemptions in the New Financing Rule.²⁵

²² D.12-06-015 (*Decision Adopting a New Financing Rule and General Order 24-C*) at 23.

²³ Exhibit C, Declaration of Mr. Aldo Portales at page 3, lines 6-8.

²⁴ Exhibit C, Declaration of Mr. Aldo Portales at page 3, lines 9-20.

²⁵ Before TBC obtained the exemptions granted in D.16-09-003, TBC requested and obtained Commission authorization for TBC to issue and sell new secured long-term debt securities not exceeding five million dollars pursuant to PU Code Sections 816-830, and to encumber its assets pursuant to PU Code Section 851. The Commission granted that authorization in D.14-01-008, and also found (on page 5) that “TBC is exempt from the requirements of the New Financing Rule; but . . . shall comply with the requirements of General Order 24-C, which requires selected reporting regarding receipts and disbursements of the proceeds from Commission authorized

V. PROCEDURAL REQUIREMENTS AND INFORMATION

A. Rule 2.1(a)—Legal Name and Principal Place of Business.

The legal name of the applicant is Horizon West Transmission, LLC, and it is a Delaware limited liability corporation. Horizon West’s principal place of business is below:

Horizon West Transmission, LLC
One California Street, Suite 1600
San Francisco, CA 94111

B. Rule 2.1(b)—Correspondence Information.

Horizon West requests that all correspondence and communications in connection with this Application and notices, orders, and other papers be addressed and served on the following persons:

Brian Duncan
President
Horizon West Transmission, LLC
700 Universe Blvd.
Juno Beach, FL 33408
Telephone: (561) 304-5641
Facsimile: (561) 691-2323
brian.duncan@nee.com

Tracy C. Davis
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Horizon West Transmission, LLC
5920 W. William Cannon Dr., Bldg. 2
Austin, Texas 78749
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Lisa A. Cottle
John W. Hamilton
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101 California Street, 34th Floor
San Francisco, California 94111-5894
Telephone: (415) 591-1579
Facsimile: (415) 591-1400
lcottle@winston.com
jwhamilton@winston.com

C. Rule 2.1(c)—Proposed Category, Need for Hearing, Issues, and Schedule.

Horizon West proposes that the Commission categorize this Application as a ratesetting proceeding. Although rates are not at issue here, the definitions of “adjudicatory” or

securities.” D.14-01-088, Finding of Fact 6 states: “The New Financing Rule adopted in Decision 12-06-015 provides exemption for issuances of less than \$42 million.”

“quasi-legislative” proceedings set forth in Rules 1.3(a) and 1.3(e) clearly do not apply to this Application. Rule 7.1(e)(2) specifies that when a proceeding does not clearly fit into any other category, it should be conducted under the rules for ratesetting proceedings, and Rule 1.3(f) defines ratesetting proceedings to include “[o]ther proceedings” that do not fit clearly into any other category.

Horizon West respectfully requests that the Commission find that hearings are not necessary for this proceeding. The request for exemptions from PU Code Sections 816-830 and 851 is straightforward, supported by directly relevant precedent, and based on Horizon West’s status as a transmission-only utility whose rates and securities issuances are subject to regulation by FERC. The requested exemptions should be granted based on the information specified in this Application and the Exhibits hereto. Hearings therefore should not be required. Similarly, to the extent that the Commission decides not to grant the requested exemptions and instead proceeds with approval of the financing transaction to be effectuated under the Loan Documents, all of the necessary information is provided in this Application and the Exhibits hereto. Approval of the transaction to be completed under the Loan Documents also should not require hearings. The only issues to be considered are whether the Commission should grant the exemptions requested herein, and if not, whether the Commission should authorize the financing transaction described above. Horizon West has provided the information necessary to render those authorizations in this Application and the accompanying Exhibits.

Horizon West requests expedited approval of this Application to complete its financing transaction in early 2020. Horizon West therefore requests a Commission decision by February 2020. In compliance with Commission Rule 2.1(c), Horizon West provides the following proposed schedule for the Commission’s consideration:

Event	Proposed Date
Application Filed	September 5, 2019
Protests and Responses Due	Thirty (30) days after notice of the filing of the Application is first published in the Commission's Daily Calendar
Reply to Protests and Responses (if needed)	Fifteen (15) days after protests and responses, if any
Prehearing Conference	Early November 2019
Proposed Decision	January 2020
Commission Decision	February 2020

D. Rule 2.2—Organization and Qualification to Transact Business

Copies of Horizon West's Certificate of Formation in the State of Delaware and Certificate of Registration with the Secretary of State of California are provided in Exhibit E to this Application. As stated in Section II above, Horizon West is the entity formerly known as NEET West, which is the entity named in the foregoing certificates. Earlier this year, NEET West changed its name to Horizon West. Exhibit E includes copies of the Delaware Secretary of State's certification dated March 13, 2019, and the California Secretary of State's Amended Certificate of Registration dated March 22, 2019, which confirm the name change.

E. Rule 2.4—CEQA Compliance.

Commission Rule 2.4 establishes requirements for applications that are subject to the California Environmental Quality Act ("CEQA"). CEQA requires the Commission to consider the environmental consequences of projects subject to its discretionary approval. Under CEQA, environmental review is only required for "projects," which are defined as any "activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment."²⁶ The requested exemptions are not a "project" as

²⁶ Cal. Pub. Res. Code § 21065.

defined in CEQA because they would not result in any physical change in the environment. The alternative request for approval of the proposed securities transaction also is not a “project” as defined in CEQA because the financing transaction at issue would not result in any physical change in the environment. Approval of this Application therefore does not require environmental review under CEQA.

This is further confirmed in the CEQA Guidelines, which confirm that CEQA does not apply where the “activity will not result in a direct or reasonably foreseeable indirect physical change in the environment.”²⁷ The CEQA Guidelines also provide an exemption from CEQA “[w]here it can be seen with certainty that there is no possibility that the proposed activity in question may have a significant effect on the environment.”²⁸

F. Fees

Horizon West’s primary request in this Application is for Commission approval of the exemptions described herein. If the Commission decides not to grant the requested exemptions, then Horizon West is requesting approval of the financing transaction described above. In the latter case, a fee of \$24,000 would be payable under PU Code Section 1904(b) upon the Commission’s approval of the Horizon West’s alternative request for approval of its financing transaction.

G. Service

Horizon West is serving this Application on the service list for the proceeding in which the Commission considered and granted Horizon West a CPCN for the Suncrest SVC Project (Docket No. A.15-08-027), and on the service list for the proceeding in which the Commission is considering Horizon West’s application for a PTC for the Estrella Substation Project (Docket

²⁷ CEQA Guidelines, 14. Cal. Code of Regs. § 15060(c)(2).

²⁸ CEQA Guidelines, 14. Cal. Code of Regs. § 15061(b)(3).

No. A.17-01-023). Parties on those two service lists are the ones most likely to be interested in this Application.

VI. EXHIBITS

The following Exhibits are attached in support of this Application:

- Exhibit A: Loan Agreement between Horizon West Transmission, LLC and NextEra Energy Capital Holdings, Inc.

 Security Agreement between Horizon West Transmission, LLC and NextEra Energy Capital Holdings, Inc.

 Construction Deed of Trust with Assignment of Leases and Rents, Security Agreement and Fixture Filing
- Exhibit B: Declaration of Mr. Brian Duncan
- Exhibit C: Declaration of Mr. Aldo Portales
- Exhibit D: Horizon West Transmission, LLC Balance Sheet and Income Statement
- Exhibit E: Horizon West Transmission, LLC Certificate of Formation (Delaware) and Certificate of Registration with the California Secretary of State

VII. CONCLUSION AND REQUESTED RELIEF

Horizon West respectfully requests that the Commission grant Horizon West exemptions from the requirements of PU Code Sections 816-830 and 851 for its securities transactions. As stated above, Horizon West seeks the same exemptions that were granted to TBC in D.16-09-003 and is willing to accept similar conditions and limitations as those established therein. Horizon West therefore seeks a Commission decision specifying the following:

1. Horizon West is granted an exemption from the requirements of PU Code Sections 816-830 for securities transactions, subject to conditions and limitations.
2. Horizon West is granted an exemption from the requirements of PU Code Section 851 corresponding to the exemption granted in paragraph (1) above from the requirements of PU Code Sections 816-830.
3. The exemptions granted to Horizon West may be revoked, limited, or conditioned on a prospective basis by the Commission at any time.
4. The exemptions granted to Horizon West are subject to the following conditions and limitations:
 - (a) If Horizon West is cited by the Commission for a safety violation, or if the Commission opens an Order Instituting Investigation for a safety violation, the exemptions are prospectively revoked;
 - (b) If Horizon West anticipates requesting more than a 20 percent rate increase from FERC as a result of a securities transaction, the exemptions do not apply to that transaction, and Horizon West must file an application at the Commission;
 - (c) If a securities transaction will result in a functional or actual change of ownership or control of Horizon West or its facilities that would trigger a requirement for prior Commission approval under PU Code Section 854 or Section 851, then the exemptions do not apply, and Horizon West must file an application under PU Code Section 854 or Section 851 (as applicable) at the Commission; and
 - (d) The decision does not grant an exemption from the requirements of PU Code Section 854.

If the Commission does not grant the requested exemptions, then Horizon West requests Commission authorization and related findings for the following:

1. Authorization to obtain debt capital in an aggregate principal amount of up to \$35 million at any time through the Loan Agreement;
2. Authorization to use the net proceeds from the Loan Agreement for the construction, completion, extension, or improvement of the Projects and for the improvement or maintenance of its service in accordance with PU Code Section 817;²⁹
3. A finding that the authority granted in the Commission decision approving this Application complies with the requirements of PU Code Section 818;

²⁹ PU Code §§ 817(b) and (c).

4. A finding that the authority granted in the Commission's decision approving this Application shall be effective upon payment of the fee specified in PU Code Section 1904(b);
5. A finding that Horizon West is authorized to encumber its property and assets under the Security Agreement and the Deed of Trust; and
6. A grant of all such additional authorizations as the Commission may deem necessary and appropriate in connection with this Application.

September 5, 2019

Respectfully submitted,

/s/ Lisa A. Cottle

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*Attorneys for Horizon West Transmission, LLC
(U 222-E)*

VERIFICATION

I, Brian Duncan, hereby declare that I am the President of Horizon West Transmission, LLC. I have read the attached APPLICATION OF HORIZON WEST TRANSMISSION, LLC (U 222-E) FOR EXEMPTIONS FROM PUBLIC UTILITIES CODE SECTIONS 816-830 AND 851 RELATING TO SECURITIES TRANSACTIONS ("Application"). The contents of the Application are true either of my own knowledge or on my information and belief. As to the latter contents, I am informed and believe, and on that ground allege, that the matters in the Application are true.

I declare upon penalty of perjury under the laws of California that the foregoing is true and correct.

Executed this 29th day of August, 2019 at Juno Beach, Florida.



Brian Duncan
President
Horizon West Transmission, LLC

EXHIBIT A

Loan Agreement between Horizon West Transmission, LLC
and NextEra Energy Capital Holdings, Inc.

Security Agreement between Horizon West Transmission, LLC
and NextEra Energy Capital Holdings, Inc.

Construction Deed of Trust with Assignment of Leases
and Rents, Security Agreement and Fixture Filing

LOAN AGREEMENT

Between

HORIZON WEST TRANSMISSION, LLC (as Borrower)

And

NEXTERA ENERGY CAPITAL HOLDINGS, INC. (as Lender)

_____, 2019

LISTING OF CLOSING DOCUMENTS

1. Loan Agreement, dated as of the date hereof between Horizon West Transmission, LLC (as Borrower) and NextEra Energy Capital Holdings, Inc. (as Lender)
2. Construction Deed of Trust with Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of the date hereof, by Horizon West Transmission, LLC (as trustor), to First American Title Insurance Company (as trustee), for the benefit of NextEra Energy Capital Holdings, Inc. (as beneficiary).
3. Security Agreement, dated as of the date hereof, between Horizon West Transmission, LLC and NextEra Energy Capital Holdings, Inc.
4. Out-of-State Closing Affidavit, Part I dated as of [], 2019 and Part II dated as of [], 2019.
5. Horizon West Transmission, LLC's Unanimous Written Consent of Members in Lieu of Meeting, dated as of _____, 2019
6. UCC Financing Statement(s)

LOAN AGREEMENT

This LOAN AGREEMENT (this “**Agreement**”), dated as of _____, 2019 (the “**Effective Date**”), is entered into by HORIZON WEST TRANSMISSION, LLC, a Delaware limited liability company (“**Borrower**”) and NEXTERA ENERGY CAPITAL HOLDINGS, INC., a Florida corporation (“**Lender**”) (Borrower and Lender are hereinafter sometimes referred to collectively as the “**Parties**” and individually as a “**Party**”).

RECITALS:

- A. WHEREAS, Borrower, an indirect wholly owned subsidiary of Lender, is constructing the Suncrest Project and the Estrella Project;
- B. WHEREAS, in order to provide adequate funds to facilitate Borrower’s construction of the Projects and to meet ongoing capital needs associated with the ownership and operation of the Projects, Borrower has requested Lender, and Lender has agreed, to make various loans to Borrower in accordance with the terms of this Agreement;
- C. WHEREAS, Borrower may request that Lender provide funding to Borrower via one or more revolving advances during the Availability Period (as hereinafter defined) in an aggregate principal amount not to exceed \$35,000,000.00 (each such advance, a “**Loan**” and each Loan outstanding at any time, collectively, the “**Loans**”); and
- D. WHEREAS, Borrower and Lender agree that the Loans, *plus* (ii) all interest accrued and unpaid from time to time with respect to the Loans, *plus* (iii) all fees and other amounts owing from time to time hereunder, shall be paid in full by Borrower to Lender by not later than the Maturity Date (as hereinafter defined).

NOW, THEREFORE, in consideration of the foregoing premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender do hereby agree as follows:

AGREEMENT:

SECTION 1. Defined Terms.

As used in this Agreement, the following capitalized terms have the meaning specified in this Section 1:

- “**Agreement**” has the meaning specified in the preamble to this Agreement, as such agreement may be amended, modified or supplemented from time to time hereafter in accordance with the terms hereof.
- “**Availability Period**” means any period from the Effective Date until the Maturity Date in which Borrower has provided Lender documentation from any applicable

regulatory authorities evidencing that Borrower is authorized by such jurisdictions to make borrowings of Loans pursuant to this Agreement.

- **“Borrower”** has the meaning specified in the preamble to this Agreement.
- **“Business Day”** means any day other than (i) a Saturday or Sunday or (ii) any other day on which commercial banks in New York, New York or Florida are required or authorized to close.
- **“Collateral”** means all Property that, in accordance with the terms of the Security Documents, is intended to be subject to any Lien in favor of the Lender.
- **“Default Rate”** means the interest rate per annum equal to the Interest Rate *plus* two percent (2%) per annum, such Default Rate to change from time-to-time as the Interest Rate changes.
- **“Effective Date”** has the meaning specified in the preamble to this Agreement.
- **“Estrella Project”** means the Estrella 230/70-kilovolt (kV) substation.
- **“Interest Payment Date”** means, as the context requires, either (i) the first day of each calendar quarter occurring during the period that commences on or after the Effective Date and continues until all outstanding principal on the Loans plus any other amounts owing hereunder have been paid in full, or (ii) the Maturity Date.
- **“Interest Period”** means each calendar quarter during which all or any portion of the Loans is outstanding; *provided* that the initial Interest Period for the Loans shall begin on the Effective Date, and the final Interest Period shall end on the day upon which the Loans are paid in full.
- **“Interest Rate”** means with respect to any Loan, the specific Interest Rate that will apply to that Loan. Such interest rate, which shall be determined separately for each Loan on the Business Day immediately preceding the date upon which the Loan in question is funded by Lender, shall equal the sum of (i) the applicable benchmark U.S. Treasury bond yield determined in accordance with the final sentence of this definition, plus (ii) a margin of two hundred thirty-two basis points (2.32%) per annum. For purposes of this definition, the “applicable benchmark U.S. Treasury bond yield” which is determined with respect to any particular Loan (i) shall be equal to the yield to maturity for a U.S. Treasury bond having a remaining term to maturity and principal amount which most closely approximate that of the Loan in question and (ii) shall be determined by Lender as published in the Wall Street Journal for the Business Day immediately preceding the date upon which the Loan in question is funded by Lender.
- **“Lender”** has the meaning specified in the preamble to this Agreement.
- **“Lien”** means any mortgage, pledge, lien, security interest or other charge or encumbrance with respect to the Collateral.

- “**Loan**” and “**Loans**” have the meaning specified in Recital C of this Agreement.
- “**Loan Documents**” means this Agreement, and once executed and delivered, the Security Documents and all other documents executed and delivered in conjunction herewith or therewith.
- “**Maturity Date**” means (i) [30 years from date of execution of the Loan Agreement], or (ii) any earlier date upon which any principal, accrued interest or other amounts payable by Borrower to Lender hereunder are due and owing (as a result of acceleration or otherwise).
- “**Mortgage**” means that certain Construction Deed of Trust with Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of the date hereof, by Borrower (as trustor), to First American Title Insurance Company (as trustee), for the benefit of Lender (as beneficiary).
- “**Notice**” has the meaning specified in Section 5.4 to this Agreement.
- “**Parties**” and “**Party**” have the meanings specified in the Preamble to this Agreement.
- “**Permitted Liens**” means (i) Liens created pursuant to and in accordance with the Security Documents, (ii) Liens shown in one or more title reports or title insurance commitments which Lender determines are acceptable to it in its sole discretion, (iii) Liens for property taxes not delinquent or Liens for taxes which in good faith are being contested or litigated and for which Borrower has set aside on its books adequate reserves with respect thereto; or (iv) mechanics’, carriers’, workmen’s, repairmen’s or similar statutory Liens arising in the ordinary course of business securing obligations which (A) are not overdue for a period of sixty (60) days or more or (B) are in good faith being contested or litigated and for which Borrower has set aside on its books adequate reserves with respect thereto.
- “**Person**” means any natural person, corporation, unincorporated organization, trust, joint-stock company, limited liability company, joint venture, association, company, partnership or government, or any agency or political subdivision of any government.
- “**Projects**” means the Estrella Project and the Suncrest Project.
- “**Property**” means any property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, and any right or interest therein.
- “**Revolving Commitment**” has the meaning specified in Section 2.1 of this Agreement.
- “**Security Agreement**” means that certain Security Agreement, dated as of the date hereof, between Borrower and Lender.

- “**Security Documents**” means, collectively, the Mortgage, the Security Agreement and any other security agreement, mortgage, deed of trust, or other agreement executed by Borrower in favor of Lender to secure the Loans or any other obligations of Borrower under the Loan Documents and all UCC financing statements (or similar recordations in the applicable jurisdiction) and other filings, recordings or registrations required by this Agreement to be filed or made in respect of any such Security Document.
- “**Suncrest Project**” means the Suncrest 230 kV 300 MVar Dynamic Reactive Power Support Project.
- “**UCC**” has the meaning assigned to that term in the Security Agreement.

SECTION 2. The Loans.

Section 2.1 Loan. Subject to satisfaction of the conditions specified in Section 3 below, and in accordance with the terms hereof, Lender commits to make one or more revolving advances to Borrower hereunder during the Availability Period in an aggregate principal amount not to exceed \$34,850,833 at any time (the “**Revolving Commitment**”), each of which advance pursuant to this Section 2.1 shall constitute a Loan; *provided* that Lender shall in no event have any requirement to fund more than two (2) Loans during any calendar month.

Section 2.2 Use of Loans. Borrower represents, warrants and covenants that all proceeds of each Loan as may hereafter be made to Borrower hereunder shall be used exclusively in connection with Borrower’s construction of the Projects and its ongoing capital costs and operating expenses associated therewith.

Section 2.3 Payments by Borrower to Lender. Without limiting any of the other provisions and requirements set forth in this Agreement, the entire aggregate outstanding principal amount of all Loans, together with all accrued and unpaid interest on such Loans and all other amounts as may become owing by Borrower under or in connection with this Agreement shall be due and payable by Borrower to Lender in full on the Maturity Date.

Section 2.4 Interest Determinations.

- (a) Interest on all unpaid principal of the Loans that is outstanding from time to time during the period from (and including) the Effective Date until (but excluding) the date upon which all such principal is repaid in full shall accrue at the Interest Rate.
- (b) Accrued interest on the Loans shall be payable on each Interest Payment Date. The amount of such accrued interest that is payable on each particular Interest Payment Date shall be determined by Lender, and shall be calculated (i) with respect to the weighted average principal amount of each Loan that was outstanding during the immediately preceding Interest Period, and (ii) based on the actual number of days elapsed during the immediately preceding Interest Period, using a daily interest rate derived using the convention of a 360-day year.

- (c) Notwithstanding anything herein to the contrary, any principal and, to the extent permitted by law, interest or other amounts due hereunder not paid to Lender when due (whether upon the Maturity Date or otherwise) shall bear interest at a rate per annum (computed as aforesaid) equal to the Default Rate.

Section 2.5 Prepayment of Loans and Cancellation of Commitment.

- (a) Upon the prior written consent of Lender, Borrower shall have the right, at any time and from time to time, to prepay the Loans in whole or in part, without penalty or premium.
- (b) Borrower shall have the right, at any time and from time to time, to terminate in whole or reduce in part the unused portion of the Revolving Commitment upon Notice to Lender.

Section 2.6 Payments to Occur on Business Days. If any payment required or permitted under this Agreement becomes due and payable on a day that is not a Business Day, the due date for such payment shall be extended to the next succeeding Business Day (and, with respect to any principal payment, such payment shall continue to accrue interest until such principal payment occurs, at the rate applicable under this Agreement).

Section 2.7 Security Interest. The Loans shall be secured by the Lien of the Security Documents, and Lender shall have full recourse against the Collateral pursuant to and in accordance with the terms of the Security Documents. Borrower shall promptly and duly execute and deliver to Lender such documents and assurances to take such further action as Lender may from time to time reasonably request (either pursuant to this Agreement or any other Loan Document) in order to effectuate the intent and purpose of the Security Documents and to establish, protect, perfect and enable Lender to enforce the rights and remedies created or intended to be created in favor of Lender pursuant to the Loan Documents.

Section 2.8 Evidence of Indebtedness. Lender will maintain in accordance with its usual practice an account evidencing the indebtedness of Borrower to Lender under this Agreement, including the amounts of principal, interest and any other amounts payable and paid to Lender from time to time under this Agreement. The entries made by Lender pursuant to the foregoing sentence shall constitute *prima facie* evidence of the existence and amounts of such indebtedness; *provided, however*, that no failure of Lender to maintain such account, and no error therein, shall in any manner affect the obligations of Borrower to pay or repay such indebtedness to Lender, including without limitation, principal, accrued interest and any other amounts payable and paid to Lender from time to time under this Agreement in accordance with the terms hereof. Lender will advise Borrower of the outstanding indebtedness hereunder to Lender upon written request therefor

Section 2.9 Due on Sale or Encumbrance. The Mortgage provides that if the Subject Property (as defined in the Mortgage) or any interest therein shall be sold, transferred (including, without limitation, through sale or transfer of a majority or controlling interest of the corporate stock or general partnership interests or limited liability company interests of Borrower), mortgaged, assigned, further encumbered or leased, whether directly or indirectly, whether voluntarily,

involuntarily or by operation of law, without the prior written consent of Lender, THEN Lender, in its sole discretion, may declare the Loans and all other Secured Obligations (as defined in the Mortgage) immediately due and payable.

SECTION 3. Conditions to each Loan.

Following the Parties' execution and delivery of this Agreement, the Lender shall have no obligation to provide a Loan to Borrower unless and until Lender confirms that all of the following conditions have either been (i) satisfied or (ii) waived by Lender (acting in its sole discretion):

Section 3.1 Other Indebtedness. Borrower shall not have incurred, assumed, or otherwise become responsible for any obligations or liabilities with respect to any indebtedness under any agreements or arrangements with any Person other than Lender.

Section 3.2 Liens. The Collateral shall not be subject to any Liens other than Permitted Liens.

Section 3.3 Legal Actions. There are no actions, suits or proceedings pending against, or to Borrower's knowledge, threatened against or affecting Borrower, before any court, arbitrator or governmental Person in which an adverse decision (separately or in the aggregate) could reasonably be expected to have a material adverse effect on Borrower's ability to perform its obligations hereunder.

Section 3.4 Loan Documents. Prior to the initial Loan under this Agreement, Borrower shall have executed and delivered the Security Documents and complied with and duly performed all of its obligations under each of the Loan Documents in accordance with the terms thereof. For each subsequent Loan under this Agreement, each of the Loan Documents shall be in full force and effect and enforceable against each of the Parties hereto.

Section 3.5 Regulatory Approvals. All required approvals of applicable regulatory authorities for the Loan have been obtained by Borrower.

SECTION 4. Events of Default.

Section 4.1 If any of the following events ("**Events of Default**") shall occur:

- (a) Borrower fails to pay any principal, interest, fees or other sums due hereunder or under any of the other Loan Documents for a period of three (3) days following the date when the same shall become due and payable, whether at the stated Maturity Date, any Interest Payment Date or any accelerated date of maturity or at any other date fixed for payment;
- (b) Borrower fails to perform any term, covenant or agreement contained herein or in any of the other Loan Documents (other than those specified elsewhere in this Section 4.1) for fifteen (15) days after written notice of such failure has been given to Borrower by Lender;

- (c) Borrower (i) voluntarily terminates operations or applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of Borrower or of all or a substantial part of Borrower's assets, (ii) admits in writing its inability, or is generally unable, to pay its debts as the debts become due, (iii) makes a general assignment for the benefit of its creditors, (iv) commences a voluntary case under the United States Bankruptcy Code (as now or hereafter in effect), (v) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fails to controvert in a timely and appropriate manner, or acquiesces in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code, or (vii) takes any corporate action for the purpose of effecting any of the foregoing;
- (d) without Borrower's application, approval or consent, a proceeding shall be commenced in any court of competent jurisdiction seeking in respect of Borrower: the liquidation, reorganization, dissolution, winding-up, or composition or readjustment of debt, the appointment of a trustee, receiver, liquidator or the like of Borrower or of all or any substantial part of the assets of Borrower or other like relief in respect of Borrower under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; provided that if and for so long as Borrower diligently contests such proceeding in good faith, the pendency of such proceeding shall not constitute an Event of Default unless (i) the proceeding is not dismissed within 60 days after its commencement, (ii) the proceeding is not stayed within 60 days after its commencement (with the understanding that this exception (ii) shall pertain only for so long as any stay of such proceeding remains in effect), or (iii) an order for relief against Borrower is entered in such proceeding;
- (e) there remains in force, undischarged, unsatisfied and unstayed, for more than thirty (30) days, whether or not consecutive, any final judgment against Borrower which, with any other then undischarged, unsatisfied and unstayed, outstanding final judgments against Borrower, exceeds in the aggregate US\$3,500,000;
- (f) any (i) legal proceeding or action, whether in law, equity or otherwise, seeks to cancel, revoke or rescind any of the Loan Documents and such proceeding or action continues for more than sixty (60) consecutive days without being dismissed or stayed, or (ii) court or other governmental or public authority or entity of competent jurisdiction (whether legislative, executive, regulatory, administrative or otherwise) makes a determination that, or issues a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents is illegal, invalid or unenforceable in accordance with the terms thereof; or
- (g) Borrower fails to provide a written statement to Lender within thirty (30) days after each Interest Payment Date which demonstrates (using a methodology and calculations reasonably acceptable to Lender) that the then-current ratio of Borrower's long-term debt to Borrower total capitalization (which shall be deemed

to equal the sum of Borrower's long-term debt plus Borrower's proprietary capital) does not exceed 0.45: 1.0.

then, and in any such event, so long as the same may be continuing, Lender may, at its sole election, by notice in writing to Borrower, (i) immediately terminate the agreement of Lender to make all or any particular Loans hereunder and/or (ii) declare all amounts owing with respect to this Agreement and the Loans, and the entire amount of the Loans and all other amounts due and payable by Borrower hereunder (whether by acceleration or otherwise) shall thereupon forthwith become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by Borrower; *provided* that in the event of any Event of Default specified in *Section 4.1(c)* or *Section 4.1(d)*, the agreement of Lender to make all or any of the Loans hereunder shall immediately and automatically terminate and all amounts owing with respect to this Agreement and all Loans shall immediately and automatically become due and payable without requirement of any notice from Lender.

Section 4.2 Remedies. Upon the occurrence and during the continuation of an Event of Default, Lender may exercise any or all rights and remedies at law or in equity.

SECTION 5. Miscellaneous.

Section 5.1 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York, without regard to the principles of conflicts of laws thereunder (other than §5-1401 of the New York General Obligations Law).

Section 5.2 Expenses. Borrower agrees to pay on demand all costs and expenses of Lender in connection with the preparation, execution, delivery and administration of this Agreement, the other Loan Documents, and the other instruments and documents to be delivered hereunder and thereunder, including the reasonable fees and out-of-pocket expenses of legal counsel for Lender, with respect thereto, and all reasonable costs and expenses, if any, in connection with the enforcement of this Agreement, the other Loan Documents and the other instruments and documents to be delivered hereunder and thereunder, or in connection with recovering, protecting or enforcing Lender's interest in Collateral. In addition, Borrower shall pay any and all stamp and other taxes payable or determined to be payable in connection with the execution and delivery of this Agreement, the other Loan Documents, and the other instruments and documents to be delivered hereunder and thereunder, and agrees to hold Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omitting to pay such taxes. All obligations provided for in this *Section 5.2* shall survive any termination of this Agreement.

Section 5.3 Records. Borrower shall keep accurate and complete records of the Collateral so that such assets can be readily identified, located and inspected by the Parties, and Borrower shall keep accurate and complete records concerning the use of proceeds of the Loans to acquire all or any part of Borrower's right, title and interest in, to and with respect to the Collateral. Borrower shall promptly provide Lender with such information regarding the Collateral (including without limitation, the date upon which any such assets were acquired, and the location and condition of such assets) as Lender may from time to time reasonably request. Borrower shall permit Lender

to inspect the Collateral, and review and obtain copies of records relating to the Collateral, as Lender may reasonably request from time to time.

Section 5.4 Notices. Except as otherwise expressly provided in this Agreement, all notices, demands, consents, waivers, elections, approvals, requests and similar communications required or permitted to be provided in connection with this Agreement (any of the foregoing being referred to as a “**Notice**”) shall be set forth in writing.

Notices may be given by (i) hand-delivery, (ii) U.S. mail or (iii) recognized courier service. Notices shall be deemed received by the addressee Party when hand-delivered to such Party during normal business hours (for delivery pursuant to clause (i) above) or when delivered to such Party’s address specified in accordance with this Section 5.4 (for delivery pursuant to clauses (ii) - (iii) above); provided that any Notice delivered in accordance with this Section 5.4 at any time other than during normal business hours will be deemed to be given and received by the receiving Party on the next Business Day thereafter.

Each Party shall deliver Notices to the other Party at such other Party’s respective address shown below (or to such subsequent Notice address as either Party may hereafter specify via Notice delivered to the other Party at least 30 days prior to the intended effectiveness of the new Notice address):

(a) if to Borrower:

Horizon West Transmission, LLC
700 Universe Boulevard
Juno Beach, Florida 33408-8801
Attention: Business Management

(b) if to Lender:

NextEra Energy Capital Holdings, Inc.
700 Universe Boulevard
Juno Beach, Florida 33408-8801
Attention: Treasurer

Section 5.5 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of Borrower and Lender, and their respective successors and assigns; provided that Borrower may not assign any of its rights hereunder without the prior written consent of Lender, and any assignment purported to be made without the prior receipt of such consent from Lender shall be null and void.

Section 5.6 No Third-Party Rights. This Agreement and all rights and duties specified herein are intended for the sole benefit of the Parties hereto, and do not imply nor create any rights or benefits on the part of, nor any obligations to or for the benefit of, any other Person.

Section 5.7 Interest Rate Limitation. Anything herein to the contrary notwithstanding, the obligations of Borrower under this Agreement to Lender shall be subject to the limitation that

payments of interest to Lender shall not be required to the extent that receipt of any such payment by Lender would be contrary to provisions of law applicable to Lender (if any) which limit the maximum rate of interest which may be charged or collected by Lender; provided, however, that nothing herein shall be construed to limit Lender to receiving or collecting any presently existing maximum rates of interest, if an increased interest rate is hereafter permitted by reason of applicable federal or state legislation. In the event that Borrower makes any payment of interest, fees or other charges, however denominated, pursuant to this Agreement, which payment results in the interest paid to Lender exceeding the maximum rate of interest permitted by applicable law, any excess over such maximum shall be applied in reduction of the principal balance owed to Lender as of the date of such payment, or if such excess exceeds the amount of principal owed to Lender as of the date of such payment, the difference shall be paid by Lender to Borrower.

Section 5.8 Entire Agreement. This Agreement and the other Loan Documents constitute the entire agreement among the Parties and supersede all prior agreements, understandings, negotiations and discussions, both written and oral, among the Parties with respect to the subject matter hereof and thereof, all of which prior agreements, understandings, negotiations and discussions, both written and oral, are merged into this Agreement and the other Loan Documents.

Section 5.9 Amendments and Waivers. This Agreement and the other Loan Documents may not be amended, modified, or changed in any respect except by an agreement in writing signed by Lender and Borrower, and, if applicable, with receipt of any necessary approvals from applicable regulatory authorities for any such amendment, modification or change. No course of dealing between Lender and Borrower shall be effective to amend, modify or change any provision of this Agreement. No waiver of any provision of or right under any of this Agreement or the other Loan Documents shall be effective against any Party unless the specific terms of that waiver are set forth in a written waiver agreed to and executed by that Party. No failure on the part of Lender to exercise and no delay in exercising any right granted under any of the Loan Documents or under applicable law shall operate as a waiver thereof or as an election or exercise by Lender of any other right.

Section 5.10 Severability. In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 5.11 Indemnity by Borrower. Borrower hereby agrees to hold Lender and its officers, directors, employees, representatives and agents harmless from and against all claims, damages, liabilities and expenses, including reasonable fees and disbursements of counsel, which may be incurred by or asserted against any of them in connection with or arising out of any investigation, litigation or proceeding relating to this Agreement, the other Loan Documents or any Loans, except that Borrower shall not be required to indemnify Lender to the extent that any of such claims, damages, liabilities or expenses arise from the gross negligence or willful misconduct of Lender.

Section 5.12 WAIVER OF JURY TRIAL. LENDER AND BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER 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 AND ANY DOCUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER ENTERING INTO THIS AGREEMENT.

Section 5.13 Section Headings. The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

Section 5.14 Counterparts. This Agreement and any amendment hereof may be executed in several counterparts and by each Party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument.

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[Signatures of Parties appear on the following page]

This LOAN AGREEMENT is dated as of the date first written above, but in fact has been executed by the Parties on the date(s) such execution has been witnessed by a Notary Public as set forth in the attestations below.

HORIZON WEST TRANSMISSION, LLC
(as Borrower)

By: _____
Name: _____
Title: _____

BORROWER ADDRESS:

*700 Universe Boulevard
Juno Beach, Florida 33408*

STATE OF _____)
) ss.
COUNTY OF _____)

Personally appeared before me, the undersigned, a Notary Public in and for said County, _____, to me known and known to me, who, being by me first duly sworn, declared that she is the _____ of HORIZON WEST TRANSMISSION, LLC, that being duly authorized she did execute the foregoing instrument before me for the purposes set forth therein.

IN WITNESS WHEREOF, I have hereto set my hand and official seal at _____, _____, this ____ day of _____, 2019.

Notary Public

My Commission Expires:

By: _____
Name: _____
Title: _____

[Borrower's Signature Page]

NEXTERA ENERGY CAPITAL HOLDINGS, INC.
(as Lender)

By: _____
Name: _____
Title: _____

LENDER ADDRESS:

*700 Universe Boulevard
Juno Beach, Florida 33408*

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned, a Notary Public in and for said County,
_____, to me known and known to me, who, being by me first duly sworn, declared that
he is an _____ of NEXTERA ENERGY CAPITAL HOLDINGS, INC., that being duly
authorized he did execute the foregoing instrument before me for the purposes set forth therein.

IN WITNESS WHEREOF, I have hereto set my hand and official seal at _____, _____, this ____
day of _____, 2019.

Notary Public

My Commission Expires:

By: _____
Name: _____
Title: _____

[Lender's Signature Page]

SECURITY AGREEMENT

Between

HORIZON WEST TRANSMISSION, LLC (as Borrower)

And

NEXTERA ENERGY CAPITAL HOLDINGS, INC. (as Lender)

_____, 2019

SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of _____, 2019 (this “**Security Agreement**”), is between HORIZON WEST TRANSMISSION, LLC, a Delaware limited liability company (“**Borrower**”) and NEXTERA ENERGY CAPITAL HOLDINGS, INC., a Florida corporation (“**Lender**”)

RECITALS:

- A. WHEREAS, concurrently with executing this Security Agreement, Lender and Borrower are entering into that certain Loan Agreement, dated as of the date hereof (the “**Loan Agreement**”), pursuant to which Lender will, on the terms and subject to the conditions set forth therein, agree to fund one or more loan advances to Borrower (the “**Loans**”) the proceeds of which Borrower may use to construct the Projects (as defined below) and to pay capital and operating costs associated therewith;
- B. WHEREAS, the Loan Agreement requires that Borrower grant to Lender, and the Loans be secured by, a first priority continuing security interest in all of Borrower’s estate, right, title and interest in, to and under the Collateral (as defined below); and
- C. WHEREAS, the Parties agree that this Security Agreement secures the full and timely performance by Borrower of all of its obligations and indebtedness under (i) the Loan Agreement and (ii) each of the other Loan Documents, in each case, whether presently existing or hereafter created or incurred.

NOW, THEREFORE, in consideration of the foregoing premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender do hereby agree as follows:

AGREEMENT:

Section 1. Definitions and Rules of Interpretation.

- (a) Definitions. Unless otherwise defined herein, (i) all capitalized terms used but not otherwise defined herein which are defined in the Loan Agreement shall have the respective meanings assigned to such terms in the Loan Agreement and (ii) terms used in Article 9 of the UCC (as defined below) are used herein as defined therein. As used herein the following terms shall have the following meaning:

- “**Borrower**” has the meaning specified in the preamble.
- “**Collateral**” has the meaning specified in Exhibit A.
- “**Estrella Project**” means the Estrella 230/70-kilovolt (kV) substation.

- **“Lender”** has the meaning specified in the preamble.
- **“Loan Agreement”** has the meaning specified in the recitals.
- **“Loans”** has the meaning specified in the recitals.
- **“Obligations”** means the Loans, interest on the Loans and any and all other amounts from time to time payable by Borrower under the Loan Agreement and/or any other Loan Document.
- **“Parties”** means Borrower and Lender, collectively, and **“Party”** means either of those Parties as the context requires.
- **“Permits”** means any permits, licenses, franchises, approvals, certificates, certifications, consents, emissions allowances, waivers, concessions, registrations or other authorizations required by any governmental body or law.
- **“Projects”** means the Estrella Project and the Suncrest Project.
- **“Security Agreement”** has the meaning specified in the recitals.
- **“Seller”** means Rayburn County Electric Cooperative, Inc.
- **“Suncrest Project”** means the Suncrest 230 kV 300 MVA Dynamic Reactive Power Support Project.
- **“UCC”** means the Uniform Commercial Code as in effect in any applicable jurisdiction from time to time.

(b) Rules of Interpretation. In this Security Agreement, unless otherwise indicated:

- (i) each reference to, and the definition of, any document (including any Loan Documents) shall be deemed to refer to such document as it may be amended, supplemented, revised, modified or replaced from time to time in accordance with its terms and, to the extent applicable, the terms of the Loan Agreement;
- (ii) any reference to a Person in any capacity includes a reference to its permitted successors and assigns in such capacity;
- (iii) references to days shall refer to calendar days unless business days are specified; any date specified for action that is not a business day will mean the first business day after such date; references to weeks, months or years shall be to calendar weeks, months or years, respectively;
- (iv) all references to the “preamble” or a “recital,” “Section,” “Appendix,” “Annex,,” “Schedule” or “Exhibit” are to the preamble or a recital, Section, Appendix, Annex, Schedule or Exhibit of this Security Agreement;

(v) defined terms in the singular shall include the plural and vice versa, and the masculine, feminine or neuter gender shall include all genders; and

(vi) the words “include,” “includes” and “including” are deemed to be followed by the phrase “without limitation”.

Section 2. Grant of Security Interest. As security for the prompt and complete payment and performance when due (whether at the Maturity Date or otherwise) of any and all of the Obligations now existing or hereafter arising, and howsoever evidenced, Borrower hereby grants and creates a security interest in favor of Lender in all rights, benefits, privileges, title, interest and estate of Borrower, whether now owned or hereinafter acquired, in, to and under the Collateral.

Section 3. Perfection of Security Interest. Prior to or promptly after the execution and delivery of this Security Agreement, Borrower shall file such financing statements and other documents in such offices as are necessary (and otherwise in such offices as Lender may request) to perfect and establish the priority of the security interest in the Collateral intended to be created hereby as a first priority security interest in any applicable jurisdiction.

Section 4. Remedies; Rights Upon Defaults. Upon the occurrence and during the continuance of any default under the Loan Agreement or this Security Agreement, or any failure by Borrower to promptly and completely pay and perform (when and as required under Loan Documents) any Obligations now existing or hereafter arising, Lender may, at its sole election, do any one or more of the following, subject to, and only after obtaining, any necessary approvals from the applicable regulatory authorities for any such action:

- (a) Sell or foreclose on all or any part of the Collateral to the extent and in any manner permitted by law; and/or
- (b) Exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, any or all rights and remedies of a secured party after default under the UCC.

Section 5. Application of Proceeds. The net proceeds of any sale, foreclosure, collection, recovery, receipt, appropriation, realization or disposition of the Collateral shall be applied in the following order:

- (a) to the repayment of the reasonable out-of-pocket costs and expenses associated with retaking, holding and preparing for the sale and selling of the Collateral (including, without limitation, reasonable attorneys’ fees and expenses and court costs and the discharge of all assessments, encumbrances, charges or Liens, if any, on the Collateral prior to the Lien granted to Lender hereunder); and
- (b) to the payment in full of the Obligations.

Section 6. Deficiency. If the proceeds of, or any other realization upon, the Collateral by virtue of the exercise of remedies under this Security Agreement are insufficient to cover the costs and

expenses of such exercise and the payment in full of the Obligations, Borrower shall not be liable for any deficiency.

Section 7. Miscellaneous.

Section 7.1 Governing Law. This Security Agreement shall be construed in accordance with and governed by the laws of the State of New York, without regard to the principles of conflicts of laws thereunder (other than §5-1401 of the New York General Obligations Law); *provided* that matters pertaining to the perfection and priority of security interests in the Collateral shall be governed by the applicable laws of other jurisdictions if and to the extent specified by the UCC at the relevant time.

Section 7.2 Expenses. Whether or not any of the Loans herein provided for shall be made, Borrower agrees to pay on demand all costs and expenses of Lender in connection with the preparation, execution, delivery and administration of this Security Agreement, the other Loan Documents, and the other instruments and documents to be delivered hereunder and thereunder, including the reasonable fees and out-of-pocket expenses of legal counsel for Lender, with respect thereto, and all reasonable costs and expenses, if any, in connection with the enforcement of this Security Agreement, the other Loan Documents and the other instruments and documents to be delivered hereunder and thereunder, or in connection with recovering, protecting or enforcing its interest in any of the Collateral. In addition, Borrower shall pay any and all stamp and other taxes payable or determined to be payable in connection with the execution and delivery of this Security Agreement, the other Loan Documents, and any instruments and documents to be delivered hereunder and thereunder, and agrees to hold Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omitting to pay such taxes. All obligations provided for in this Section 7.2 shall survive any termination of this Security Agreement.

Section 7.3 Records. Borrower shall keep accurate and complete records with respect to the Collateral so that the assets comprising the Collateral can be readily identified, located and inspected by the Parties, and Borrower shall keep accurate and complete records concerning the use of proceeds of the Loans and of the Collateral. Borrower shall promptly provide Lender with such information regarding the Collateral (including without limitation, the date upon which any assets comprising the Collateral were acquired, and the location and condition of such assets, as Lender may from time to time reasonably request). Borrower shall permit Lender to inspect the Collateral, and review and obtain copies of records relating to the Collateral, as Lender may reasonably request from time to time.

Section 7.4 Notices. Except as otherwise expressly provided in this Security Agreement, all notices, demands, consents, waivers, elections, approvals, requests, and similar communications required or permitted to be provided in connection with this Security Agreement (any of the foregoing being referred to as a “**Notice**”) shall be set forth in writing.

Notices may be given by (i) hand-delivery, (ii) U.S. mail or (iii) recognized courier service. Notices shall be deemed received by the addressee Party when hand-delivered to such Party during normal business hours (for delivery pursuant to clause (i) above) or when delivered to such Party's address specified in accordance with this Section 7.4 (for delivery pursuant to clauses (ii) - (iii) above); provided that any Notice delivered in accordance with this Section 7.4 at any time other than during normal business hours will be deemed to be given and received by the receiving Party on the next Business Day thereafter.

Each Party shall deliver Notices to the other Party at such other Party's respective address shown below (or to such subsequent Notice address as either Party may hereafter specify via Notice delivered to the other Party at least ten (10) days prior to the intended effectiveness of the new Notice address):

(a) if to Borrower:

Horizon West Transmission, LLC
700 Universe Boulevard
Juno Beach, Florida 33408-8801
Attention: Business Management

(b) if to Lender:

NextEra Energy Capital Holdings, Inc.
700 Universe Boulevard
Juno Beach, Florida 33408-8801
Attention: Treasurer

Section 7.5 Successors and Assigns. This Security Agreement shall be binding upon and shall inure to the benefit of Borrower and Lender, and their respective successors and permitted assigns; provided that Borrower may not assign any of its rights hereunder without the prior written consent of Lender, and any assignment purported to be made without the prior receipt of such consent from Lender shall be null and void.

Section 7.6 No Third-Party Rights. This Security Agreement and all rights and duties provided for herein are intended for the sole benefit of the Parties hereto, and do not imply nor create any rights or benefits on the part of, nor any obligations to or for the benefit of, any other Person.

Section 7.7 Entire Agreement. This Security Agreement and the other Loan Documents constitute the entire agreement and understanding between the Parties and supersede all prior agreements, understandings, negotiations and discussions, both written and oral, between the Parties with respect to the subject matter hereof and thereof, all of which prior agreements, understandings, negotiations and discussions, both written and oral, are merged into this Security Agreement and the other Loan Documents.

Section 7.8 Amendments and Waivers. This Security Agreement and the other Loan Documents may not be amended, modified, or changed in any respect except by an agreement in writing signed by the Parties. No course of dealing between the Parties shall be effective to amend, modify or change any provision of this Security Agreement. No waiver of any provision of or right under any of this Security Agreement or the other Loan Documents shall be effective against any Party unless the specific terms of that waiver are set forth in a written waiver agreed to and executed by that Party. No failure on the part of Lender to exercise and no delay in exercising any right granted under this Security Agreement or any of the other Loan Documents or under applicable law shall operate as a waiver thereof or as an election or exercise by Lender of any other right.

Section 7.9 Severability. In the event that any one or more of the provisions contained in this Security Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Security Agreement, but this Security Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 7.10 WAIVER OF JURY TRIAL. LENDER AND BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER 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 AND ANY DOCUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER ENTERING INTO THIS AGREEMENT.

Section 7.11 Section Headings. The captions in this Security Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

Section 7.12 Counterparts. This Security Agreement and any amendment hereof may be executed in several counterparts and by each Party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument.

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[Signatures of Parties appear on the following page]

This Security Agreement has been dated as of the date first written above, but in fact executed by the Parties hereto on the dates set forth below.

HORIZON WEST TRANSMISSION, LLC
(as Borrower)

By: _____
Name:
Title:
Date: _____, 2019

BORROWER ADDRESS:

700 Universe Boulevard
Juno Beach, Florida 33408-8801

NEXTERA ENERGY CAPITAL HOLDINGS, INC.
(as Lender)

By: _____
Name:
Title:
Date: _____, 2019

LENDER ADDRESS:

*700 Universe Boulevard
Juno Beach, Florida 33408*

**EXHIBIT A
TO
SECURITY AGREEMENT**

DESCRIPTION OF COLLATERAL

1. As used in the Security Agreement, the term “**Collateral**” means the entirety of Borrower’s rights, benefits, privileges, title, interest and estate, of any nature whatsoever, in and to:
 - (a) A +300/-100 megavar (Mvar) static var compensator (SVC) with a rated real power output of 0 megawatts (MW), and a nominal terminal voltage of 230 kilovolt (kV), along with related equipment (collectively the “SVC Facility”),
 - (b) An approximately one-mile 230 kV single-circuit underground transmission line that will connect the SVC Facility to the 230 kV bus at the Suncrest Substation [needs to be defined],
 - (c) A 230/70 kV substation, which will include a 230/70 kV transformer,
 - (d) Two ____ foot 230 kV transmission lines, and
 - (e) any and all other personal property and assets, whether tangible or intangible, which are now or hereafter owned, leased, licensed, held or otherwise obtained by Borrower (as such other property and assets are more fully described in Paragraph 2 below), and irrespective of whether or not such property and assets are owned, leased, licensed, held or otherwise obtained by Borrower for or in connection with the development, permitting, acquisition, engineering, procurement, construction, installation, commissioning, ownership, financing, use, possession, leasing, administration, operation, maintenance and/or repair of the Transmission Assets.

Any capitalized terms used in this Exhibit A which are not otherwise defined in this Security Agreement have the meanings specified in the UCC.

2. Without in any way limiting the generality of any of the provisions of this Exhibit A, the term Collateral shall be understood to include the entirety of Borrower’s rights, benefits, privileges, title, interest and estate, of any nature whatsoever, in and to the following types of property and assets:
 - (a) Equipment, Goods, etc. All machinery, systems, appliances, fixtures, materials, supplies, Goods, Inventory (whether of raw materials, work in progress or

finished goods, and whether owned or held under lease or otherwise, and including gas and oil), furniture, rolling stock or other equipment of any nature, kind and description whatsoever (including all additions, accessions, substitutions and replacements of any or all of the foregoing, and collectively referred to herein as the “**Equipment and Goods**”), irrespective of whether same now or at any time hereafter is (i) installed in, attached to, or situated at or upon any portion of the premises now or hereafter occupied by or in connection with the Transmission Assets, or (ii) used or intended to be used in connection with the Transmission Assets or any other portion or element of the Collateral.

- (b) Assigned Agreements. Each and every agreement, contract, document and instrument to which Borrower is now or hereafter may be a party or beneficiary, as same may be amended, supplemented or otherwise modified from time to time (collectively, the “**Assigned Agreements**”), including, without limitation: (i) all rights of Borrower to receive or demand monies due and to become due, or to receive or demand the return of security or collateral provided by or on behalf of Borrower, pursuant to or in connection with the Assigned Agreements, (ii) all rights of Borrower to receive or demand proceeds or performance of any insurance, bond, indemnity, warranty or guaranty pursuant to or in connection with the Assigned Agreements, (iii) all claims, actions and causes of action of Borrower (including, without limitation, all claims, actions and causes of action for damages arising out of or for breach of or default) under or relating to the Assigned Agreements, and (iv) all other rights, remedies, benefits and privileges of Borrower under the Assigned Agreements.
- (g) Condemnation Awards. All compensation, awards, damages, judgments, settlements, payments, rights of action and proceeds arising from or in connection with any compulsory taking or transfer of, or use or other action with respect to, all or any part of the Transmission Assets or any other Collateral pursuant to any action, right, power or authority of condemnation, eminent domain, requisition, seizure, forfeiture or any similar action, right, power or authority with respect to the Transmission Assets or any other Collateral (or any portion thereof).
- (h) Intangible Assets. All Money, Receivables, Instruments, Financial Assets, Investment Property, Securities, Security Entitlements, Accounts, drafts, acceptances, contract rights, Documents, Deposit Accounts, Chattel Paper, General Intangibles, copyrights, trademarks, service marks, patents, trade secrets and other intellectual property rights, in which Borrower may have any rights, benefits, privileges, title, interest and estate, and wherever located, and irrespective of whether such Collateral is of a type which may be subjected to a security interest under the UCC.
- (i) Other Proceeds. To the extent not included in the foregoing, all cash and non-cash products, additions, substitutions, replacements, proceeds and accessions of any of the foregoing, and any proceeds thereof.

Provided, however, and notwithstanding any of the other provisions set forth in this Exhibit A, that this Security Agreement shall not constitute a grant of a security interest in, and the term Collateral shall not include, any property or asset to the extent that such grant of a security interest (i) is prohibited by any requirement of applicable law, requires a consent not obtained of any governmental authority pursuant to such requirement of applicable law, or (ii) is prohibited by, constitutes a breach or default under, results in the termination of, or requires any consent not obtained under, any contract, agreement, license, instrument or other document giving rise to, evidencing or controlling such property or asset, except to the extent that such requirement of law or the term in such contract, agreement, license, instrument or other document providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable law.

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

NextEra Energy Capital Holdings,
Inc.
700 Universe Boulevard
Juno Beach, Florida 33408-8801
Attention: Treasurer

(Space above this line for Recorder's use)

**CONSTRUCTION DEED OF TRUST
WITH ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

(**Attention County Clerk:** This instrument covers goods that are or will be fixtures on the real property described herein. It is to be recorded as a real estate mortgage and indexed as both a real estate mortgage and a fixture financing statement under Division 9 of the California Uniform Commercial Code as in effect from time to time. The mailing address of the Trustor (Debtor) and the Beneficiary (Secured Party) are set forth in in Section 4.1 below).

THIS CONSTRUCTION DEED OF TRUST WITH ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("**Deed of Trust**"), is made as of _____, 2019, by HORIZON WEST TRANSMISSION, LLC, a Delaware limited liability company ("**Trustor**"), to FIRST AMERICAN TITLE INSURANCE COMPANY ("**Trustee**") for the benefit of NEXTERA ENERGY CAPITAL HOLDINGS, INC., a Florida corporation ("**Beneficiary**").

ARTICLE 1. GRANT IN TRUST

- 1.1 **GRANT.** For the purposes of and upon the terms and conditions in this Deed of Trust, Trustor irrevocably grants, conveys and assigns to Trustee, in trust for the benefit of Beneficiary, with power of sale and right of entry and possession, all of that real property, located respectively (i) in the County of San Diego, State of California, as described on Exhibit A-1, attached hereto, and (ii) in the City of Paso Robles, County of San Luis Obispo, State of California, as described on Exhibit A-2 attached hereto, together with all right, title, interest, and privileges of Trustor in and to all streets, ways, roads, and alleys used in connection with or pertaining to such real property, all development rights or credits, air rights, water, water rights and water stock related to the real property, and all minerals, oil and gas, and other hydrocarbon substances in, on or under the real property, and all appurtenances, easements, rights and rights of way appurtenant or related thereto; all buildings, other improvements and fixtures now or hereafter located on the real property,

including, but not limited to, all apparatus, equipment, and appliances used in the operation or occupancy of the real property, it being intended by the parties that all such items shall be conclusively considered to be a part of the real property, whether or not attached or affixed to the real property (the "**Improvements**"); all interest or estate which Trustor may hereafter acquire in the property described above, and all additions and accretions thereto, and the proceeds of any of the foregoing; (all of the foregoing being collectively referred to as the "**Subject Property**"). The listing of specific rights or property shall not be interpreted as a limit of general terms.

- 1.2 **ADDRESS.** The address of the Subject Property (if known) is: _____. However, neither the failure to designate an address nor any inaccuracy in the address designated shall affect the validity or priority of the lien of this Deed of Trust on the Subject Property as described on Exhibits A-1 and A-2 attached hereto

ARTICLE 2. OBLIGATIONS SECURED

- 2.1 **OBLIGATIONS SECURED.** Trustor makes this Deed of Trust for the purpose of securing the following obligations ("**Secured Obligations**"):

- (a) Payment to Beneficiary of all sums at any time owing under that certain Loan Agreement (as hereafter amended, supplemented, replaced or modified, the "**Loan Agreement**") of even date herewith, executed by Trustor as "Borrower", and Beneficiary as "Lender", providing for certain revolving loans (each such advance, a "**Loan**" and each Loan outstanding at any time, collectively, the "**Loans**") to Trustor in accordance with the terms of the Loan Agreement, in an aggregate principal amount at any one time outstanding not to exceed the principal amount of Thirty-Five Million and No/100ths Dollars (\$35,000,000.00.), which Loans shall bear interest at the rates set forth in the Loan Agreement; and
- (b) Payment and performance of all covenants and obligations of Trustor under this Deed of Trust; and
- (c) Payment and performance of all future advances and other obligations when such future advance or obligation is evidenced by a writing which recites that it is secured by this Deed of Trust; and
- (d) All modifications, extensions and renewals of any of the obligations secured hereby, however evidenced, including, without limitation: (i) modifications of the required principal payment dates or interest payment dates or both, as the case may be, deferring or accelerating payment dates wholly or partly; or (ii) modifications, extensions or renewals at a different rate of interest whether or not in the case of a note, the modification, extension or renewal is evidenced by a new or additional promissory note or notes.

- 2.2 **OBLIGATIONS.** The term "obligations" is used herein in its broadest and most comprehensive sense and shall be deemed to include, without limitation, all interest and

charges, prepayment charges (if any), late charges and loan fees at any time accruing or assessed on any of the Secured Obligations.

- 2.3 **INCORPORATION.** All terms of the Secured Obligations and the documents evidencing such obligations are incorporated herein by this reference. All persons who may have or acquire an interest in the Subject Property shall be deemed to have notice of the terms of the Secured Obligations and to have notice, if provided therein, that: (a) the Loan Agreement may permit borrowing, repayment and re-borrowing so that repayments shall not reduce the amounts of the Secured Obligations; and (b) the rate of interest on one or more Secured Obligations may vary from time to time.

ARTICLE 3. ASSIGNMENT OF LEASES AND RENTS

- 3.1 **ASSIGNMENT.** Trustor hereby irrevocably assigns to Beneficiary all of Trustor's right, title and interest in, to and under: (a) all leases of the Subject Property or any portion thereof, and all other agreements of any kind relating to the use or occupancy of the Subject Property or any portion thereof, whether now existing or entered into after the date hereof ("**Leases**"); and (b) the rents, revenue, income, issues, deposits and profits of the Subject Property, including, without limitation, all amounts payable and all rights and benefits accruing to Trustor under the Leases ("**Payments**"). The term "Leases" shall also include all guarantees of and security for the lessees' performance thereunder, and all amendments, extensions, renewals or modifications thereto which are permitted hereunder. This is a present and absolute assignment, not an assignment for security purposes only, and Beneficiary's right to the Leases and Payments is not contingent upon, and may be exercised without possession of, the Subject Property.
- 3.2 **GRANT OF LICENSE.** Beneficiary confers upon Trustor a license ("**License**") to collect and retain the Payments as they become due and payable, until the occurrence of a Default (as hereinafter defined). Upon a Default, the License shall be automatically revoked and Beneficiary may collect and apply the Payments pursuant to Section 6.4 without notice and without taking possession of the Subject Property. Trustor hereby irrevocably authorizes and directs the lessees under the Leases to rely upon and comply with any notice or demand by Beneficiary for the payment to Beneficiary of any rental or other sums which may at any time become due under the Leases, or for the performance of any of the lessees' undertakings under the Leases, and the lessees shall have no right or duty to inquire as to whether any Default has actually occurred or is then existing hereunder. Trustor hereby relieves the lessees from any liability to Trustor by reason of relying upon and complying with any such notice or demand by Beneficiary.
- 3.3 **EFFECT OF ASSIGNMENT.** The foregoing irrevocable assignment shall not cause Beneficiary to be: (a) a mortgagee in possession; (b) responsible or liable for the control, care, management or repair of the Subject Property or for performing any of the terms, agreements, undertakings, obligations, representations, warranties, covenants and conditions of the Leases; or (c) responsible or liable for any waste committed on the Subject Property by the lessees under any of the Leases or any other parties; for any dangerous or defective condition of the Subject Property; or for any negligence in the management, upkeep, repair

or control of the Subject Property resulting in loss or injury or death to any lessee, licensee, employee, invitee or other person. Beneficiary and Trustee shall not directly or indirectly be liable to Trustor or any other person as a consequence of: (i) the exercise or failure to exercise by Beneficiary or Trustee, or any of their respective employees, agents, contractors or subcontractors, any of the rights, remedies or powers granted to Beneficiary or Trustee hereunder; or (ii) the failure or refusal of Beneficiary to perform or discharge any obligation, duty or liability of Trustor arising under the Leases.

- 3.4 **REPRESENTATIONS AND WARRANTIES.** Trustor represents and warrants that: (a) all existing Leases are in full force and effect and are enforceable in accordance with their respective terms, and no breach or default, or event which would constitute a breach or default after notice or the passage of time, or both, exists under any existing Leases on the part of any party; (b) no rent or other payment under any existing Lease has been paid by any lessee for more than one (1) month in advance; and (c) none of Trustor's interests under any of the Leases has been transferred or assigned.
- 3.5 **COVENANTS.** Trustor covenants and agrees at Trustor's sole cost and expense to: (a) perform its obligations under the Leases and enforce by all available remedies performance by the other parties thereto of their obligations thereunder; (b) give Beneficiary prompt written notice of any default which occurs with respect to any of the Leases by any party thereto including Trustor; (c) deliver to Beneficiary fully executed, counterpart original(s) of each and every Lease if requested to do so; and (d) execute and record such additional assignments of any Lease or specific subordinations (or subordination, attornment and non-disturbance agreements executed by the lessor and lessee) of any Lease to the Deed of Trust, in form and substance acceptable to Beneficiary, as Beneficiary may request. Trustor shall not, without Beneficiary's prior written consent or as otherwise permitted by any provision of the Loan Agreement: (i) enter into any Leases after the date hereof; (ii) execute any other assignment relating to any of the Leases; (iii) discount any rent or other sums due under the Leases or collect the same in advance, other than to collect rentals one (1) month in advance of the time when it becomes due; (iv) terminate, modify or amend any of the terms of the Leases or in any manner release or discharge any party obligated thereunder from its obligations; (v) consent to any assignment or other transfer by any party under the Leases; or (vi) subordinate or agree to subordinate any of the Leases to any other deed of trust or encumbrance. Any such attempted action in violation of the provisions of this Section 3.5 shall be null and void. Without in any way limiting the requirement of Beneficiary's consent hereunder, any sums received by Trustor in consideration of any termination (or the release or discharge of any lessee) modification or amendment of any Lease shall be applied to reduce the outstanding Secured Obligations and any such sums received by Trustor shall be held in trust by Trustor for such purpose.
- 3.6 **ESTOPPEL CERTIFICATES.** Within thirty (30) days after written request by Beneficiary, Trustor shall deliver to Beneficiary and to any party designated by Beneficiary estoppel certificates executed by Trustor and by each of the lessees, in recordable form, certifying (if such be the case): (a) that the foregoing assignment and the Leases are in full force and effect; (b) the date of each lessee's most recent payment of rent; (c) that there are no defenses or offsets outstanding, or stating those claimed by Trustor or lessees under the

foregoing assignment or the Leases, as the case may be; and (d) any other information reasonably requested by Beneficiary.

ARTICLE 4. SECURITY AGREEMENT AND FIXTURE FILING

- 4.1 **SECURITY INTEREST.** Trustor hereby grants and assigns to Beneficiary as of the Effective Date (as defined in the Loan Agreement) a security interest, to secure payment and performance of all of the Secured Obligations, in all of the following described personal property in which Trustor now or at any time hereafter has any interest (collectively, the "Collateral"):

All goods, building and other materials, supplies, inventory, work in process, equipment, machinery, fixtures, furniture, furnishings, signs and other personal property and embedded software included therein and supporting information, wherever situated, which are or are to be incorporated into, used in connection with, or appropriated for use on (i) the real property described on Exhibits A-1 and A-2 attached hereto and incorporated by reference herein or (ii) any existing or future improvements on the real property (which real property and improvements are collectively referred to herein as the "Subject Property"); together with all rents and security deposits derived from the Subject Property; all inventory, accounts, cash receipts, deposit accounts, accounts receivable, contract rights, licenses, agreements, general intangibles, payment intangibles, software, chattel paper (whether electronic or tangible), instruments, documents, promissory notes, drafts, letters of credit, letter of credit rights, supporting obligations, insurance policies, insurance and condemnation awards and proceeds, proceeds of the sale of promissory notes, any other rights to the payment of money, trade names, trademarks and service marks arising from or related to the ownership, management, leasing, operation, sale or disposition of the Subject Property or any business now or hereafter conducted thereon by Trustor; all development rights and credits, and any and all permits, consents, approvals, licenses, authorizations and other rights granted by, given by or obtained from, any governmental entity with respect to the Subject Property; all water and water rights, wells and well rights, canals and canal rights, ditches and ditch rights, springs and spring rights, and reservoirs and reservoir rights appurtenant to or associated with the Subject Property, whether decreed or undecreed, tributary, non-tributary or not non-tributary, surface or underground or appropriated or unappropriated, and all shares of stock in water, ditch, lateral and canal companies, well permits and all other evidences of any of such rights; all deposits or other security now or hereafter made with or given to utility companies by Trustor with respect to the Subject Property; all advance payments of insurance premiums made by Trustor with respect to the Subject Property; all plans, drawings and specifications relating to the Subject Property; all loan funds held by Beneficiary, whether or not disbursed; all funds deposited with Beneficiary pursuant to any loan agreement; all reserves, deferred payments, deposits, accounts, refunds, cost savings and payments of any kind related to the Subject Property or any portion thereof; together with all replacements and proceeds of, and additions and accessions to, any of the foregoing; together with all books, records and files relating to any of the foregoing.

This Deed of Trust creates a security interest in and to all of the above described personal property which is or which hereafter becomes a "fixture" under applicable law, this Deed of Trust constitutes a fixture filing under the California Uniform Commercial Code, as amended or recodified from time to time ("UCC), and is acknowledged and agreed to be a "construction mortgage" under the UCC. A carbon, photographic or other reproduction of this Deed of Trust shall be sufficient as a financing statement. Beneficiary shall have the right at any time to file a manually executed counterpart or a carbon, photographic or other reproduction of this Deed of Trust as a financing statement in either the central or local UCC records of any jurisdiction wherein the Subject Property is located, but the failure of Beneficiary to do so shall not impair (i) the effectiveness of this Deed of Trust as a fixture filing as permitted by the applicable Uniform Commercial Code, or (ii) the validity and enforceability of this Deed of Trust in any respect whatsoever. Trustor represents, as of the date hereof, that the following information set forth in clauses (a), (e) and (f), is true and correct:

(a) The exact legal name and address of Debtor (Trustor) is: **Horizon West Transmission, LLC, 700 Universe Boulevard, Juno Beach, Florida 33408 8801.**

(b) Name and address of Secured Party (Beneficiary) is: **NextEra Energy Capital Holdings, Inc. 700 Universe Boulevard, Juno Beach, Florida 33408 8801**

(c) Description of the types (or items) of property covered by this fixture filing statement: All of the property referred to herein and included as part of the Subject Property.

(d) Description of real estate to which collateral is attached or upon which it is located: The Subject Property described in Exhibits A-1 and A-2 attached hereto.

(e) Debtor's/Trustor's organizational identification number is **3368269**.

(f) Debtor's/Trustor's state of formation is the State of **Delaware**.

4.2 **REPRESENTATIONS AND WARRANTIES.** Trustor represents and warrants that: (a) Trustor has, or will have, good title to the Collateral; (b) Trustor has not previously assigned or encumbered the Collateral, and no financing statement covering any of the Collateral has been delivered to any other person or entity; and (c) all of Trustor's organizational documents or agreements delivered to Beneficiary are complete and accurate in every respect.

4.3 **COVENANTS.** Trustor agrees: (a) to execute and deliver such documents as Beneficiary deems necessary to create, perfect and continue the security interests contemplated hereby; (b) not to change its name, and as applicable, its chief executive office, its principal residence or the jurisdiction in which it is organized and/or registered without giving Beneficiary prior written notice thereof; (c) to cooperate with Beneficiary in perfecting all security interests granted herein and in obtaining such agreements from third parties as Beneficiary deems necessary, proper or convenient in connection with the preservation, perfection or enforcement of any of its rights hereunder; and (d) that Beneficiary is

authorized to file financing statements in the name of Trustor to perfect Beneficiary's security interest in Collateral. Trustor authorizes Beneficiary to file one or more financing statements, continuation statements and financing statement amendments describing the personal property constituting the Collateral, which financing statements may describe the collateral as "all assets" of Trustor.

4.4 **RIGHTS OF BENEFICIARY**. In addition to Beneficiary's rights as a "Secured Party" under the UCC, Beneficiary may, but shall not be obligated to, at any time without notice and at the expense of Trustor: (a) give notice to any person of Beneficiary's rights hereunder and enforce such rights at law or in equity; (b) insure, protect, defend and preserve the Collateral or any rights or interests of Beneficiary therein; (c) inspect the Collateral; and (d) endorse, collect and receive any right to payment of money owing to Trustor under or from the Collateral. Notwithstanding the above, in no event shall Beneficiary be deemed to have accepted any property other than cash in satisfaction of any obligation of Trustor to Beneficiary unless Beneficiary shall make an express written election of said remedy under UCC §9620, or other applicable law.

4.5 **RIGHTS OF BENEFICIARY ON DEFAULT**. Upon the occurrence of a Default (hereinafter defined) under this Deed of Trust, then in addition to all of Beneficiary's rights as a "Secured Party" under the UCC or otherwise at law:

- (a) Beneficiary may (i) upon written notice, require Trustor to assemble any or all of the Collateral and make it available to Beneficiary at a place designated by Beneficiary; (ii) without prior notice, enter upon the Subject Property or other place where any of the Collateral may be located and take possession of, collect, sell, lease, license and dispose of any or all of the Collateral, and store the same at locations acceptable to Beneficiary at Trustor's expense; (iii) sell, assign and deliver at any place or in any lawful manner all or any part of the Collateral and bid and become the purchaser at any such sales;
- (b) Beneficiary may, for the account of Trustor and at Trustor's expense: (i) operate, use, consume, sell, lease, license or dispose of the Collateral as Beneficiary deems appropriate for the purpose of performing any or all of the Secured Obligations; (ii) enter into any agreement, compromise, or settlement, including insurance claims, which Beneficiary may deem desirable or proper with respect to any of the Collateral; and (iii) endorse and deliver evidences of title for, and receive, enforce and collect by legal action or otherwise, all indebtedness and obligations now or hereafter owing to Trustor in connection with or on account of any or all of the Collateral; and
- (c) In disposing of Collateral hereunder, Beneficiary may disclaim all warranties of title, possession, quiet enjoyment and the like. Any proceeds of any disposition of any Collateral may be applied by Beneficiary to the payment of expenses incurred by Beneficiary in connection with the foregoing, including reasonable attorneys' fees, and the balance of such proceeds may be applied by Beneficiary toward the payment of the Secured Obligations in such order of application as Beneficiary may from time to time elect.

Notwithstanding any other provision hereof, Beneficiary shall not be deemed to have accepted any property other than cash in satisfaction of any obligation of Trustor to Beneficiary unless Trustor shall make an express written election of said remedy under UCC §9620, or other applicable law. Trustor agrees that Beneficiary shall have no obligation to process or prepare any Collateral for sale or other disposition.

- 4.6 **POWER OF ATTORNEY.** Trustor hereby irrevocably appoints Beneficiary as Trustor's attorney-in-fact (such agency being coupled with an interest), and as such attorney-in-fact Beneficiary may, without the obligation to do so, in Beneficiary's name, or in the name of Trustor, prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve any of Beneficiary's security interests and rights in or to any of the Collateral, and, upon a Default hereunder, take any other action required of Trustor; provided, however, that Beneficiary as such attorney-in-fact shall be accountable only for such funds as are actually received by Beneficiary.
- 4.7 **POSSESSION AND USE OF COLLATERAL.** Except as otherwise provided in this Section or the other Loan Documents (as defined in the Loan Agreement), so long as no Default exists under this Deed of Trust or any of the Loan Documents, Trustor may possess, use, move, transfer or dispose of any of the Collateral in the ordinary course of Trustor's business and in accordance with the Loan Agreement.

ARTICLE 5. RIGHTS AND DUTIES OF THE PARTIES

- 5.1 **TITLE.** Trustor represents and warrants that, except as disclosed to Beneficiary in a writing which refers to this warranty, Trustor lawfully holds and possesses fee simple title to the Subject Property without limitation on the right to encumber, and that this Deed of Trust is a first and prior lien on the Subject Property.
- 5.2 **TAXES AND ASSESSMENTS.** Subject to Trustor's rights to contest payment of taxes as may be provided in the Loan Agreement, Trustor shall pay prior to delinquency all taxes, assessments, levies and charges imposed by any public or quasi-public authority or utility company which are or which may become a lien upon or cause a loss in value of the Subject Property or any interest therein. Trustor shall also pay prior to delinquency all taxes, assessments, levies and charges imposed by any public authority upon Beneficiary by reason of its interest in any Secured Obligation or in the Subject Property, or by reason of any payment made to Beneficiary pursuant to any Secured Obligation; provided, however, Trustor shall have no obligation to pay taxes which may be imposed from time to time upon Beneficiary and which are measured by and imposed upon Beneficiary's net income.
- 5.3 **TAX AND INSURANCE IMPOUNDS.** At any time following the occurrence of a Default, at Beneficiary's option and upon its demand, Trustor, shall, until all Secured Obligations have been paid in full, pay to Beneficiary monthly, annually or as otherwise directed by Beneficiary an amount estimated by Beneficiary to be equal to: (a) all taxes, assessments, levies and charges imposed by any public or quasi-public authority or utility company which are or may become a lien upon the Subject Property or Collateral and will

become due for the tax year during which such payment is so directed; and (b) premiums for fire, hazard and insurance required or requested pursuant to the Loan Documents when same are next due. If Beneficiary determines that any amounts paid by Trustor are insufficient for the payment in full of such taxes, assessments, levies, charges and/or insurance premiums, Beneficiary shall notify Trustor of the increased amounts required to pay all amounts when due, whereupon Trustor shall pay to Beneficiary within thirty (30) days thereafter the additional amount as stated in Beneficiary's notice. All sums so paid shall not bear interest, except to the extent and in any minimum amount required by law; and Beneficiary shall, unless Trustor is otherwise in Default hereunder or under any Loan Document, apply said funds to the payment of, or at the sole option of Beneficiary release said funds to Trustor for the application to and payment of, such sums, taxes, assessments, levies, charges, and insurance premiums. Upon Default by Trustor hereunder or under any Secured Obligation, Beneficiary may apply all or any part of said sums to any Secured Obligation and/or to cure such Default, in which event Trustor shall be required to restore all amounts so applied, as well as to cure any other events or conditions of Default not cured by such application. Upon assignment of this Deed of Trust, Beneficiary shall have the right to assign all amounts collected and in its possession to its assignee whereupon Beneficiary and the Trustee shall be released from all liability with respect thereto. Within ninety-five (95) days following full repayment of the Secured Obligations (other than full repayment of the Secured Obligations as a consequence of a foreclosure or conveyance in lieu of foreclosure of the liens and security interests securing the Secured Obligations) or at such earlier time as Beneficiary may elect, the balance of all amounts collected and in Beneficiary's possession shall be paid to Trustor and no other party shall have any right or claim thereto.

5.4 **PERFORMANCE OF SECURED OBLIGATIONS.** Trustor shall promptly pay and perform each Secured Obligation when due.

5.5 **LIENS, ENCUMBRANCES AND CHARGES.** Trustor shall immediately discharge any lien not approved by Beneficiary in writing that has or may attain priority over this Deed of Trust. Subject to the provisions of the Loan Agreement regarding mechanics' liens, Trustor shall pay when due all obligations secured by or which may become liens and encumbrances which shall now or hereafter encumber or appear to encumber all or any part of the Subject Property or Collateral, or any interest therein, whether senior or subordinate hereto.

5.6 **DAMAGES; INSURANCE AND CONDEMNATION PROCEEDS.**

- (a) The following (whether now existing or hereafter arising) are all absolutely and irrevocably assigned by Trustor to Beneficiary and, at the request of Beneficiary, shall be paid directly to Beneficiary: (i) all awards of damages and all other compensation payable directly or indirectly by reason of a condemnation or proposed condemnation for public or private use affecting all or any part of, or any interest in, the Subject Property or Collateral; (ii) all other claims and awards for damages to, or decrease in value of, all or any part of, or any interest in, the Subject Property or Collateral; (iii) all proceeds of any insurance policies (whether or not expressly required by Beneficiary to be maintained by Trustor, including, but not limited to, earthquake insurance and terrorism insurance, if any) payable by reason of loss sustained to all or any part of the Subject Property or Collateral; and (iv) all interest which may accrue

on any of the foregoing. Subject to applicable law, and without regard to any requirement contained in Section 5.7(d), Beneficiary may at its discretion apply all or any of the proceeds it receives to its expenses in settling, prosecuting or defending any claim and may apply the balance to the Secured Obligations in such order and amounts as Beneficiary in its sole discretion may choose, and/or Beneficiary may release all or any part of the proceeds to Trustor upon any conditions Beneficiary may impose. Beneficiary may commence, appear in, defend or prosecute any assigned claim or action and may adjust, compromise, settle and collect all claims and awards assigned to Beneficiary; provided, however, in no event shall Beneficiary be responsible for any failure to collect any claim or award, regardless of the cause of the failure, including, without limitation, any malfeasance or nonfeasance by Beneficiary or its employees or agents.

- (b) At its sole option, Beneficiary may permit insurance or condemnation proceeds held by Beneficiary to be used for repair or restoration but may condition such application upon reasonable conditions, including, without limitation: (i) the deposit with Beneficiary of such additional funds which Beneficiary determines are needed to pay all costs of the repair or restoration, (including, without limitation, taxes, financing charges, insurance and rent during the repair period); (ii) the establishment of an arrangement for lien releases and disbursement of funds acceptable to Beneficiary (the arrangement contained in the Loan Agreement for obtaining lien releases and disbursing loan funds shall be deemed reasonable with respect to disbursement of insurance or condemnation proceeds); (iii) the delivery to Beneficiary of plans and specifications for the work, a contract for the work signed by a contractor acceptable to Beneficiary, a cost breakdown for the work and a payment and performance bond for the work, all of which shall be acceptable to Beneficiary; and (iv) the delivery to Beneficiary of evidence acceptable to Beneficiary (aa) that after completion of the work the income from the Subject Property will be sufficient to pay all expenses and debt service for the Subject Property; (bb) of the continuation of Leases acceptable to and required by Beneficiary; (cc) that upon completion of the work, the size, capacity and total value of the Subject Property will be at least as great as it was before the damage or condemnation occurred; (dd) that there has been no material adverse change in the financial condition or credit of Trustor since the date of this Deed of Trust; and (ee) of the satisfaction of any additional conditions that Beneficiary may reasonably establish to protect its security. Trustor hereby acknowledges that the conditions described above are reasonable, and, if such conditions have not been satisfied within thirty (30) days of receipt by Beneficiary of such insurance or condemnation proceeds, then Beneficiary may apply such insurance or condemnation proceeds to pay the Secured Obligations in such order and amounts as Beneficiary in its sole discretion may choose.
- (c) In accordance with California Civil Code Section 2955.5, nothing contained in this Deed of Trust or the other Loan Documents shall be interpreted to require Trustor to provide hazard insurance coverage against damage to the Improvements on the Subject Property in an amount exceeding the replacement value of such improvements.

5.7 **MAINTENANCE AND PRESERVATION OF THE SUBJECT PROPERTY.** Subject to the provisions of the Loan Agreement, Trustor covenants: (a) to insure the Subject Property and Collateral against such risks as Beneficiary may require and, at Beneficiary's request, to provide evidence of such insurance to Beneficiary, and to comply with the requirements of any insurance companies providing such insurance; (b) to keep the Subject Property and Collateral in good condition and repair; (c) not to remove or demolish the Subject Property or Collateral or any part thereof, not to alter, restore or add to the Subject Property or Collateral and not to initiate or acquiesce in any change in any zoning or other land classification which affects the Subject Property without Beneficiary's prior written consent or as provided in the Loan Agreement; (d) to complete or restore promptly and in good and workmanlike manner the Subject Property and Collateral, or any part thereof which may be damaged or destroyed, without regard to whether Beneficiary elects to require that insurance proceeds be used to reduce the Secured Obligations as provided in Section 5.6; (e) to comply with all laws, ordinances, regulations and standards, and all covenants, conditions, restrictions and equitable servitudes, whether public or private, of every kind and character which affect the Subject Property or Collateral and pertain to acts committed or conditions existing thereon, including, without limitation, any work, alteration, improvement or demolition mandated by such laws, covenants or requirements; (f) not to commit or permit waste of the Subject Property or Collateral; and (g) to do all other acts which from the character or use of the Subject Property or Collateral may be reasonably necessary to maintain and preserve its value.

5.8 **DEFENSE AND NOTICE OF LOSSES, CLAIMS AND ACTIONS.** At Trustor's sole expense, Trustor shall protect, preserve and defend the Subject Property and Collateral and title to and right of possession of the Subject Property and Collateral, the security hereof and the rights and powers of Beneficiary and Trustee hereunder against all adverse claims. Trustor shall give Beneficiary and Trustee prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding, of the occurrence of any damage to the Subject Property or Collateral and of any condemnation offer or action.

5.9 **ACCEPTANCE OF TRUST; POWERS AND DUTIES OF TRUSTEE.**

- (a) Trustee accepts this trust when this Deed of Trust is recorded. Except as may be required by applicable law, Trustee or Beneficiary may from time to time apply to any court of competent jurisdiction for aid and direction in the execution of the trust hereunder and the enforcement of the rights and remedies available hereunder, and may obtain orders or decrees directing or confirming or approving acts in the execution of said trust and the enforcement of said remedies.
- (b) Trustee shall not be required to take any action toward the execution and enforcement of the trust hereby created or to institute, appear in, or defend any action, suit, or other proceeding in connection therewith where, in his opinion, such action would be likely to involve him in expense or liability, unless requested so to do by a written instrument signed by Beneficiary and, if Trustee so requests, unless Trustee is tendered security and indemnity satisfactory to Trustee against any and all cost, expense, and liability arising therefrom. Trustee shall not be responsible for the execution, acknowledgment, or validity of the Loan Documents, or for the proper

authorization thereof, or for the sufficiency of the lien and security interest purported to be created hereby, and Trustee makes no representation in respect thereof or in respect of the rights, remedies, and recourses of Beneficiary.

- (c) With the approval of Beneficiary, Trustee shall have the right to take any and all of the following actions: (i) to select, employ, and advise with counsel (who may be, but need not be, counsel for Beneficiary) upon any matters arising hereunder, including the preparation, execution, and interpretation of the Loan Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (ii) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his agents or attorneys, (iii) to select and employ, in and about the execution of his duties hereunder, suitable accountants, engineers and other experts, agents and attorneys-in-fact, either corporate or individual, not regularly in the employ of Trustee, and Trustee shall not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney-in-fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith, and (iv) any and all other lawful action as Beneficiary may instruct Trustee to take to protect or enforce Beneficiary's rights hereunder. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Subject Property for debts contracted for or liability or damages incurred in the management or operation of the Subject Property. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting any action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for expenses incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered. **TRUSTOR WILL, FROM TIME TO TIME, PAY THE COMPENSATION DUE TO TRUSTEE HEREUNDER AND REIMBURSE TRUSTEE FOR, AND INDEMNIFY AND HOLD HARMLESS TRUSTEE AGAINST, ANY AND ALL LIABILITY AND EXPENSES WHICH MAY BE INCURRED BY TRUSTEE IN THE PERFORMANCE OF TRUSTEE'S DUTIES.**
- (d) All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law) and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder.
- (e) Should any deed, conveyance, or instrument of any nature be required from Trustor by any Trustee or substitute Trustee to more fully and certainly vest in and confirm to the Trustee or substitute Trustee such estates, rights, powers, and duties, then, upon request by the Trustee or substitute Trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Trustor.

- (f) By accepting or approving anything required to be observed, performed, or fulfilled or to be given to Trustee pursuant to the Loan Documents, including without limitation, any deed, conveyance, instrument, officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, Trustee shall not be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness, or legal effect of the same, or of any term, provision, or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or affirmation with respect thereto by Trustee.

5.10 **COMPENSATION; EXCULPATION; INDEMNIFICATION.**

- (a) Trustor shall pay Trustee's fees and reimburse Trustee for expenses in the administration of this trust, including attorneys' fees. Trustor shall pay to Beneficiary reasonable compensation for services rendered concerning this Deed of Trust, including without limit any statement of amounts owing under any Secured Obligation. Beneficiary shall not directly or indirectly be liable to Trustor or any other person as a consequence of (i) the exercise of the rights, remedies or powers granted to Beneficiary in this Deed of Trust; (ii) the failure or refusal of Beneficiary to perform or discharge any obligation or liability of Trustor under any agreement related to the Subject Property or Collateral or under this Deed of Trust; or (iii) any loss sustained by Trustor or any third party resulting from Beneficiary's failure (whether by malfeasance, nonfeasance or refusal to act) to lease the Subject Property after a Default or from any other act or omission (regardless of whether same constitutes negligence) of Beneficiary in managing the Subject Property after a Default unless the loss is caused by the gross negligence or willful misconduct of Beneficiary and no such liability shall be asserted against or imposed upon Beneficiary, and all such liability is hereby expressly waived and released by Trustor.
- (b) **TRUSTOR INDEMNIFIES TRUSTEE AND BENEFICIARY AGAINST, AND HOLDS TRUSTEE AND BENEFICIARY HARMLESS FROM, ALL LOSSES, DAMAGES, LIABILITIES, CLAIMS, CAUSES OF ACTION, JUDGMENTS, COURT COSTS, ATTORNEYS' FEES AND OTHER LEGAL EXPENSES, COST OF EVIDENCE OF TITLE, COST OF EVIDENCE OF VALUE, AND OTHER EXPENSES WHICH EITHER MAY SUFFER OR INCUR: (i) BY REASON OF THIS DEED OF TRUST; (ii) BY REASON OF THE EXECUTION OF THIS DEED OF TRUST OR IN PERFORMANCE OF ANY ACT REQUIRED OR PERMITTED HEREUNDER OR BY LAW; (iii) AS A RESULT OF ANY FAILURE OF TRUSTOR TO PERFORM TRUSTOR'S OBLIGATIONS; OR (iv) BY REASON OF ANY ALLEGED OBLIGATION OR UNDERTAKING ON BENEFICIARY'S PART TO PERFORM OR DISCHARGE ANY OF THE REPRESENTATIONS, WARRANTIES, CONDITIONS, COVENANTS OR OTHER OBLIGATIONS CONTAINED IN ANY OTHER DOCUMENT RELATED TO THE SUBJECT PROPERTY. THE ABOVE OBLIGATION OF TRUSTOR TO INDEMNIFY AND HOLD HARMLESS TRUSTEE AND BENEFICIARY SHALL SURVIVE THE RELEASE AND CANCELLATION OF THE SECURED OBLIGATIONS AND**

THE RELEASE AND RECONVEYANCE OR PARTIAL RELEASE AND RECONVEYANCE OF THIS DEED OF TRUST.

- (c) Trustor shall pay all amounts and indebtedness arising under this Section 5.10 immediately upon demand by Trustee or Beneficiary together with interest thereon from the date the indebtedness arises at the rate of interest then applicable to the principal balance of the Loans as specified in the Loan Agreement.

- 5.11 **SUBSTITUTION OF TRUSTEES.** From time to time, by a writing, signed and acknowledged by Beneficiary and recorded in the Office(s) of the Recorder of the County in which the Subject Property is situated, Beneficiary may appoint another trustee to act in the place and stead of Trustee or any successor. Such writing shall set forth any information required by law. The recordation of such instrument of substitution shall discharge Trustee herein named and shall appoint the new trustee as the trustee hereunder with the same effect as if originally named Trustee herein. A writing recorded pursuant to the provisions of this Section 5.11 shall be conclusive proof of the proper substitution of such new Trustee.
- 5.12 **DUE ON SALE OR ENCUMBRANCE.** If the Subject Property or any interest therein shall be sold, transferred (including, without limitation, through sale or transfer of a majority or controlling interest of the corporate stock or general partnership interests or limited liability company interests of Trustor), mortgaged, assigned, further encumbered or leased, whether directly or indirectly, whether voluntarily, involuntarily or by operation of law, without the prior written consent of Beneficiary, THEN Beneficiary, in its sole discretion, may declare all Secured Obligations immediately due and payable.
- 5.13 **RELEASES, EXTENSIONS, MODIFICATIONS AND ADDITIONAL SECURITY.** Without notice to or the consent, approval or agreement of any persons or entities having any interest at any time in the Subject Property and Collateral or in any manner obligated under the Secured Obligations ("**Interested Parties**"), Beneficiary may, from time to time, release any person or entity from liability for the payment or performance of any Secured Obligation, take any action or make any agreement extending the maturity or otherwise altering the terms or increasing the amount of any Secured Obligation, or accept additional security or release all or a portion of the Subject Property and Collateral and other security for the Secured Obligations. None of the foregoing actions shall release or reduce the personal liability of any of said Interested Parties, or release or impair the priority of the lien of and security interests created by this Deed of Trust upon the Subject Property and Collateral.
- 5.14 **RECONVEYANCE.** Upon Beneficiary's written request, and upon surrender to Trustee for cancellation of this Deed of Trust or a certified copy thereof and any note, instrument, or instruments setting forth all obligations secured hereby, Trustee shall reconvey, without warranty, the Subject Property or that portion thereof then held hereunder. To the extent permitted by law, the reconveyance may describe the grantee as "the person or persons legally entitled thereto" and the recitals of any matters or facts in any reconveyance executed hereunder shall be conclusive proof of the truthfulness thereof. Neither Beneficiary nor Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance. When the Subject Property has been fully reconveyed, the

last such reconveyance shall operate as a reassignment of all future rents, issues and profits of the Subject Property to the person or persons legally entitled thereto.

- 5.15 **SUBROGATION**. Beneficiary shall be subrogated to the lien of all encumbrances, whether released of record or not, paid in whole or in part by Beneficiary pursuant to the Loan Documents or by the proceeds of any loan secured by this Deed of Trust.
- 5.16 **RIGHT OF INSPECTION**. Beneficiary, its agents and employees, may enter the Subject Property at any reasonable time for the purpose of inspecting the Subject Property and Collateral and ascertaining Trustor's compliance with the terms hereof.

ARTICLE 6. DEFAULT PROVISIONS

- 6.1 **DEFAULT**. For all purposes hereof, the term "**Default**" shall mean (a) at Beneficiary's option, the failure of Trustor to make any payment of principal or interest on the Loans or to pay any other amount due hereunder or under the Loan Agreement for a period of three (3) days following the date when the same is due and payable, whether at maturity, by acceleration or otherwise; (b) the failure of Trustor to perform any non-monetary obligation hereunder, or the failure to be true of any representation or warranty of Trustor contained herein and the continuance of such failure for fifteen (15) days after written notice, or within any longer grace period, if any, allowed in the Loan Agreement for such failure, or (c) the existence of any Event of Default as defined in the Loan Agreement.
- 6.2 **RIGHTS AND REMEDIES**. At any time after Default, Beneficiary and Trustee shall each have all the following rights and remedies:
- (a) With or without notice, to declare all Secured Obligations immediately due and payable;
 - (b) With or without notice, and without releasing Trustor from any Secured Obligation, and without becoming a mortgagee in possession, to cure any breach or Default of Trustor and, in connection therewith, to enter upon the Subject Property and do such acts and things as Beneficiary or Trustee deem necessary or desirable to protect the security hereof, including, without limitation: (i) to appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee under this Deed of Trust; (ii) to pay, purchase, contest or compromise any encumbrance, charge, lien or claim of lien which, in the sole judgment of either Beneficiary or Trustee, is or may be senior in priority to this Deed of Trust, the judgment of Beneficiary or Trustee being conclusive as between the parties hereto; (iii) to obtain insurance; (iv) to pay any premiums or charges with respect to insurance required to be carried under this Deed of Trust; or (v) to employ counsel, accountants, contractors and other appropriate persons.
 - (c) To commence and maintain an action or actions in any court of competent jurisdiction to foreclose this instrument as a mortgage or to obtain specific enforcement of the covenants of Trustor hereunder, and Trustor agrees that such covenants shall be

specifically enforceable by injunction or any other appropriate equitable remedy and that for the purposes of any suit brought under this subparagraph, Trustor waives the defense of laches and any applicable statute of limitations;

- (d) To apply to a court of competent jurisdiction for and obtain appointment of a receiver of the Subject Property as a matter of strict right and without regard to the adequacy of the security for the repayment of the Secured Obligations, the existence of a declaration that the Secured Obligations are immediately due and payable, or the filing of a notice of default, and Trustor hereby consents to such appointment;
- (e) To enter upon, possess, manage and operate the Subject Property or any part thereof, to take and possess all documents, books, records, papers and accounts of Trustor or the then owner of the Subject Property, to make, terminate, enforce or modify Leases of the Subject Property upon such terms and conditions as Beneficiary deems proper, to make repairs, alterations and improvements to the Subject Property as necessary, in Trustee's or Beneficiary's sole judgment, to protect or enhance the security hereof;
- (f) To execute a written notice of such Default and of its election to cause the Subject Property to be sold to satisfy the Secured Obligations. As a condition precedent to any such sale, Trustee shall give and record such notice as the law then requires. When the minimum period of time required by law after such notice has elapsed, Trustee, without notice to or demand upon Trustor except as required by law, shall sell the Subject Property at the time and place of sale fixed by it in the notice of sale, at one or several sales, either as a whole or in separate parcels and in such manner and order, all as Beneficiary in its sole discretion may determine, at public auction to the highest bidder for cash, in lawful money of the United States, payable at time of sale. Neither Trustor nor any other person or entity other than Beneficiary shall have the right to direct the order in which the Subject Property is sold. Subject to requirements and limits imposed by law, Trustee may from time to time postpone sale of all or any portion of the Subject Property by public announcement at such time and place of sale. Trustee shall deliver to the purchaser at such sale a deed conveying the Subject Property or portion thereof so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustee, Trustor or Beneficiary may purchase at the sale;
- (g) To resort to and realize upon the security hereunder and any other security now or later held by Beneficiary concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both, and to apply the proceeds received upon the Secured Obligations all in such order and manner as Trustee and Beneficiary, or either of them, determine in their sole discretion.
- (h) Upon sale of the Subject Property at any judicial or non-judicial foreclosure, Beneficiary may credit bid (as determined by Beneficiary in its sole and absolute discretion) all or any portion of the Secured Obligations. In determining such credit bid, Beneficiary may, but is not obligated to, take into account all or any of the

following: (i) appraisals of the Subject Property as such appraisals may be discounted or adjusted by Beneficiary in its sole and absolute underwriting discretion; (ii) expenses and costs incurred by Beneficiary with respect to the Subject Property prior to foreclosure; (iii) expenses and costs which Beneficiary anticipates will be incurred with respect to the Subject Property after foreclosure, but prior to resale, including, without limitation, costs of structural reports and other due diligence, costs to carry the Subject Property prior to resale, costs of resale (e.g. commissions, attorneys' fees, and taxes), costs of any hazardous materials clean-up and monitoring, costs of deferred maintenance, repair, refurbishment and retrofit, costs of defending or settling litigation affecting the Subject Property, and lost opportunity costs (if any), including the time value of money during any anticipated holding period by Beneficiary; (iv) declining trends in real property values generally and with respect to properties similar to the Subject Property; (v) anticipated discounts upon resale of the Subject Property as a distressed or foreclosed property; (vi) the fact of additional collateral (if any), for the Secured Obligations; and (vii) such other factors or matters that Beneficiary (in its sole and absolute discretion) deems appropriate. In regard to the above, Trustor acknowledges and agrees that: (w) Beneficiary is not required to use any or all of the foregoing factors to determine the amount of its credit bid; (x) this Section does not impose upon Beneficiary any additional obligations that are not imposed by law at the time the credit bid is made; (y) the amount of Beneficiary's credit bid need not have any relation to any loan-to-value ratios specified in the Loan Documents or previously discussed between Trustor and Beneficiary; and (z) Beneficiary's credit bid may be (at Beneficiary's sole and absolute discretion) higher or lower than any appraised value of the Subject Property.

- 6.3 **APPLICATION OF FORECLOSURE SALE PROCEEDS.** After deducting all costs, fees and expenses of Trustee, and of this trust, including, without limitation, cost of evidence of title and attorneys' fees in connection with sale and costs and expenses of sale and of any judicial proceeding wherein such sale may be made, Trustee shall apply all proceeds of any foreclosure sale: (a) to payment of all sums expended by Beneficiary under the terms hereof and not then repaid, with accrued interest at the rate of interest specified in the Loan Agreement to be applicable on or after maturity or acceleration of the Secured Obligations; (b) to payment of all other Secured Obligations; and (c) the remainder, if any, to the person or persons legally entitled thereto.
- 6.4 **APPLICATION OF OTHER SUMS.** All sums received by Beneficiary under Section 6.2 or Section 3.2, less all costs and expenses incurred by Beneficiary or any receiver under Section 6.2 or Section 3.2, including, without limitation, attorneys' fees, shall be applied in payment of the Secured Obligations in such order as Beneficiary shall determine in its sole discretion; provided, however, Beneficiary shall have no liability for funds not actually received by Beneficiary.
- 6.5 **NO CURE OR WAIVER.** Neither Beneficiary's nor Trustee's nor any receiver's entry upon and taking possession of all or any part of the Subject Property and Collateral, nor any collection of rents, issues, profits, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, nor the application of any collected sum to any Secured Obligation, nor the exercise or failure to exercise of any other

right or remedy by Beneficiary or Trustee or any receiver shall cure or waive any breach, Default or notice of default under this Deed of Trust, or nullify the effect of any notice of default or sale (unless all Secured Obligations then due have been paid and performed and Trustor has cured all other defaults), or impair the status of the security, or prejudice Beneficiary or Trustee in the exercise of any right or remedy, or be construed as an affirmation by Beneficiary of any tenancy, lease or option or a subordination of the lien of or security interests created by this Deed of Trust.

- 6.6 **PAYMENT OF COSTS, EXPENSES AND ATTORNEYS' FEES.** Trustor agrees to pay to Beneficiary immediately and without demand all costs and expenses incurred by Trustee and Beneficiary pursuant to Section 6.2 (including, without limitation, court costs and attorneys' fees, whether incurred in litigation or not) with interest from the date of expenditure until said sums have been paid at the rate of interest then applicable to the principal balance of the Loans as specified in the Loan Agreement. In addition, Trustor shall pay to Trustee all Trustee's fees hereunder and shall reimburse Trustee for all expenses incurred in the administration of this trust, including, without limitation, any attorneys' fees.
- 6.7 **POWER TO FILE NOTICES AND CURE DEFAULTS.** Trustor hereby irrevocably appoints Beneficiary and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Beneficiary deems appropriate to protect Beneficiary's interest, (b) upon the issuance of a deed pursuant to the foreclosure of the lien of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment or further assurance with respect to the Subject Property and Collateral, Leases and Payments in favor of the grantee of any such deed, as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Beneficiary's security interests and rights in or to any of the Subject Property and Collateral, and (d) upon the occurrence of an event, act or omission which, with notice or passage of time or both, would constitute a Default, Beneficiary may perform any obligation of Trustor hereunder; provided, however, that: (i) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (ii) Beneficiary shall not be liable to Trustor or any other person or entity for any failure to act (whether such failure constitutes negligence) by Beneficiary under this Section.

ARTICLE 7. MISCELLANEOUS PROVISIONS

- 7.1 **ADDITIONAL PROVISIONS.** The Loan Documents contain or incorporate by reference the entire agreement of the parties with respect to matters contemplated herein and supersede all prior negotiations. The Loan Documents grant further rights to Beneficiary and contain further agreements and affirmative and negative covenants by Trustor which apply to this Deed of Trust and to the Subject Property and Collateral and such further rights and agreements are incorporated herein by this reference.

- 7.2 **MERGER.** No merger shall occur as a result of Beneficiary's acquiring any other estate in, or any other lien on, the Subject Property unless Beneficiary consents to a merger in writing.
- 7.3 **OBLIGATIONS OF TRUSTOR, JOINT AND SEVERAL.** If more than one person has executed this Deed of Trust as "Trustor", the obligations of all such persons hereunder shall be joint and several.
- 7.4 **WAIVER OF MARSHALLING RIGHTS.** Trustor, for itself and for all parties claiming through or under Trustor, and for all parties who may acquire a lien on or interest in the Subject Property and Collateral, hereby waives all rights to have the Subject Property and Collateral and/or any other property, which is now or later may be security for any Secured Obligation ("**Other Property**") marshalled upon any foreclosure of the lien of this Deed of Trust or on a foreclosure of any other lien or security interest against any security for any of the Secured Obligations. Beneficiary shall have the right to sell, and any court in which foreclosure proceedings may be brought shall have the right to order a sale of, the Subject Property and any or all of the Collateral or Other Property as a whole or in separate parcels, in any order that Beneficiary may designate.
- 7.5 **RULES OF CONSTRUCTION.** When the identity of the parties or other circumstances make it appropriate the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. The term "Subject Property" and "Collateral" means all and any part of the Subject Property and Collateral, respectively, and any interest in the Subject Property and Collateral, respectively.
- 7.6 **SUCCESSORS IN INTEREST.** The terms, covenants, and conditions herein contained shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto; provided, however, that this Section 7.6 does not waive or modify the provisions of Section 5.12.
- 7.7 **EXECUTION IN COUNTERPARTS.** To facilitate execution, this document may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature or acknowledgment of, or on behalf of, each party, or that the signature of all persons required to bind any party, or the acknowledgment of such party, appear on each counterpart. All counterparts shall collectively constitute a single document. It shall not be necessary in making proof of this document to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, and the respective acknowledgments of, each of the parties hereto. Any signature or acknowledgment page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures or acknowledgments thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature or acknowledgment pages.
- 7.8 **CALIFORNIA LAW.** This Deed of Trust shall be construed in accordance with the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California.

7.9 **INCORPORATION.** Exhibits A-1 and A-2, as attached, are incorporated into this Deed of Trust by this reference.

7.10 **NOTICES.** All notices, demands or other communications required or permitted to be given pursuant to the provisions of this Deed of Trust shall be in writing and shall be considered as properly given if given by (i) hand-delivery, (ii) U.S. mail or (iii) recognized courier service.

Notices shall be deemed received by the addressee party when hand-delivered to such party during normal business hours (for delivery pursuant to clause (i) above) or when delivered to such party's address specified in accordance with this Section 7.10 (for delivery pursuant to clauses (ii) - (iii) above); provided that any notice delivered in accordance with this Section 7.10 at any time other than during normal business hours will be deemed to be given and received by the receiving party on the next Business Day (as defined in the Loan Agreement). For purposes of notice, the address of the parties shall be:

Trustor:	Horizon West Transmission, LLC 700 Universe Boulevard Juno Beach, Florida 33408-8801 <u>Attention:</u> Business Management
Beneficiary:	NextEra Energy Capital Holdings, Inc. 700 Universe Boulevard Juno Beach, Florida 33408-8801 <u>Attention:</u> Treasurer

Any party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days notice to the other party in the manner set forth hereinabove. Trustor shall forward to Beneficiary, without delay, any notices, letters or other communications delivered to the Subject Property or to Trustor naming Beneficiary, "Lender" or the "Construction Lender" or any similar designation as addressee, or which could reasonably be deemed to affect the construction of the Improvements or the ability of Trustor to perform its obligations to Beneficiary under the Loan Agreement or the Security Documents (as defined in the Loan Agreement).

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year set forth above.

“TRUSTOR”

HORIZON WEST
TRANSMISSION, LLC

By: _____

Name:
Title:

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

EXHIBIT A-1

DESCRIPTION OF SUBJECT PROPERTY

All the certain real property located in the County of San Diego, State of California, described as follows:

Matt/Tracy, please provide

EXHIBIT A-2

DESCRIPTION OF SUBJECT PROPERTY

All the certain real property located in the City of Paso Robles, County of San Luis Obispo, State of California, described as follows:

Matt/Tracy, please provide

EXHIBIT B

Declaration of Mr. Brian Duncan

**DECLARATION OF BRIAN DUNCAN ON BEHALF OF
HORIZON WEST TRANSMISSION, LLC (U 222-E)**

I. INTRODUCTION AND SUMMARY

1. My name is Brian Duncan. My business address is 700 Universe Blvd., Juno Beach, Florida 33408. I am the President for Horizon West Transmission, LLC (U 222-E) (“Horizon West”), in addition to serving as Executive Director of Development for NextEra Energy Transmission, LLC (“NEET”). In my role as President of Horizon West, I oversee and am responsible for Horizon West’s development of new projects, compliance, and profit and loss. I am submitting this declaration on behalf of Horizon West in support of its application to the Commission for certain exemptions from the California Public Utilities Code (“PU Code”).
2. Specifically, Horizon West is submitting an application to the Commission for exemptions from PU Code Sections 816–830 and 851, pursuant to PU Code Sections 829 and 853, to enable Horizon West to incur indebtedness and to encumber its assets as security for such debt in order to finance the construction and operations costs of its first two transmission projects, as I will describe in further detail below. If the Commission decides not to grant the requested exemptions, then Horizon West requests approval of a Loan Agreement and other related agreements that it proposes to enter into with its indirect parent company, NextEra Energy Capital Holdings, Inc. (“NEECH”).

II. DESCRIPTION OF HORIZON WEST AND RELATED AFFILIATES

3. Horizon West is a Delaware limited liability company that was formed in 2014 and is the entity formerly known as NextEra Energy Transmission West, LLC. Horizon West is a public utility in California (U 222-E), based in San Francisco, California and regulated by the Commission. Horizon West is a wholly-owned subsidiary of NEET, and an indirect, wholly-owned subsidiary of NEECH and, ultimately, of NextEra Energy, Inc. (“NextEra Energy”).
4. NextEra Energy is an industry leader in producing clean and renewable electric energy, and in delivering reliable and economical electric utility service to millions of customers. NEET was formed by NextEra Energy in 2007 to apply NextEra Energy’s experience and resources in developing, acquiring, owning, and operating transmission facilities to projects across the U.S. and Canada. NEET serves as a holding company for NextEra Energy’s regulated transmission utilities across North America outside the state of Florida.
5. Horizon West was selected as the project sponsor for two transmission projects that were identified by the California Independent System Operator Corporation (“CAISO”) in its

transmission planning process and subjected to a competitive solicitation in accordance with Federal Energy Regulatory Commission (“FERC”) Order No. 1000. Specifically, the CAISO selected Horizon West as the project sponsor for: (1) the Suncrest Dynamic Reactive Power Supply Project, located in San Diego County, California (the “Suncrest SVC Project”); and (2) the Estrella Substation and Paso Robles Area Reinforcement Project, located in San Luis Obispo County, California (the “Estrella Substation Project” and, collectively with the Suncrest SVC Project, the “Projects”).

6. In October 2018, the Commission granted Horizon West a Certificate of Public Convenience and Necessity (“CPCN”) for the Suncrest SVC Project.¹ The Suncrest SVC Project includes two primary components: (1) a +300/-100 Megavar (“Mvar”) static var compensator (“SVC”) with a nominal terminal voltage of 230 kilovolts (“kV”); and (2) an approximately one-mile 230 kV single-circuit underground transmission line that will interconnect the SVC with the existing Suncrest Substation. Horizon West received a Notice to Proceed from the Commission Energy Division Staff on December 12, 2018 and commenced construction on February 25, 2019.
7. Once constructed, the Suncrest SVC Project will be placed under the CAISO’s operational control, and Horizon West will operate and maintain the Suncrest SVC Project as a Participating Transmission Owner in accordance with the CAISO Tariff. Horizon West thus will be a transmission-only public utility and will not have a service territory or customers. Horizon West’s rates are regulated by FERC pursuant to FERC’s exclusive authority under the Federal Power Act over transmission rates.
8. Horizon West is also developing the Estrella Substation Project. Horizon West filed an application for a Permit to Construct (“PTC”) the project, which is pending in Docket No. A.17-01-023. The Estrella Substation Project consists of new 230 kV buswork and termination equipment and a new 230/70 kV transformer bank (collectively, the “230/70 kV Substation”), and new 230 kV transmission line segments that will interconnect the 230/70 kV Substation with existing facilities owned by Pacific Gas and Electric Company (“PG&E”). PG&E will construct and own a number of related components that were not eligible for competitive solicitation.
9. Once constructed, the Estrella Substation Project also will be under the CAISO’s operational control, and Horizon West will operate and maintain the Estrella Substation Project as a Participating Transmission Owner under the CAISO Tariff. Just as with the

¹ D.18-09-030 (*In the Matter of the Application of NextEra Energy Transmission West, LLC for a Certification of Public Convenience and Necessity for the Suncrest Dynamic Reactive Power Support Project*).

1 Suncrest SVC Project, FERC has exclusive authority to regulate Horizon West's rates for
2 the Estrella Substation Project.

3 10. As required by Commission Rule of Practice and Procedure 2.2, copies of Horizon
4 West's Certificate of Formation in the State of Delaware and Certificate of Good
5 Standing from the California Secretary of State are provided in Exhibit D to the
6 Application.

7 11. As required by Commission Rule of Practice and Procedure 3.6(e), Horizon West's
8 balance sheet and income statement are provided in Exhibit E to the Application.

9 **III. DESCRIPTION OF THE FINANCING TRANSACTIONS AND**
10 **PURPOSES FOR WHICH HORIZON WEST WILL USE THE LOAN**
11 **PROCEEDS**

12 12. Horizon West proposes to enter into a Loan Agreement with NEECH in an aggregate
13 principal amount up to and not to exceed \$35 million, in order to facilitate Horizon
14 West's construction, operation, and maintenance of the Projects. The loan will mature
15 30 years from the execution of the Loan Agreement or an earlier date if accelerated under
16 the terms of the Loan Agreement. The interest rate under the Loan Agreement will be
17 calculated based upon the benchmark rate for U.S. Treasury bond yields, plus a margin of
18 2.32 percent per annum.

19 13. In addition, Horizon West and NEECH expect to enter into a security agreement
20 ("Security Agreement"), which will create a first priority continuing security interest in
21 Horizon West's assets and personal property, including the Suncrest SVC Project and
22 Estrella Substation Project, as well as a deed of trust ("Deed of Trust") to secure the loan.
23 Under the Deed of Trust, the loan will be secured by an interest in the real property upon
24 which the Projects are located. Copies of the Loan Agreement, Security Agreement, and
25 Deed of Trust (collectively referred to as the "Loan Documents") are provided in
26 Exhibit A to the Application.

27 14. Horizon West proposes to enter into the Loan Documents in order to fund the
28 construction costs incurred and the completion of the Projects, as well as to meet the
29 ongoing capital needs associated with the ownership and operation of the Projects.

30 15. Specifically, Horizon West expects to utilize most of the proceeds of the Loan Agreement
31 to fund construction costs for the Suncrest SVC Project and the Estrella Substation
32 Project. Horizon West will incur construction costs for the Suncrest SVC Project in 2019
33 and early 2020, before placing the project into service in the first quarter of 2020. Once
34 Horizon West receives all necessary regulatory approvals for the Estrella Substation
35 Project, Horizon West will incur construction costs for that project, as well.

1 16. Horizon West expects to utilize the remaining proceeds from the Loan Agreement to fund
2 its ongoing working capital needs, beginning in the first quarter of 2020.

3 **IV. APPLYING PU CODE SECTIONS 816-830 AND 851 TO HORIZON WEST IS**
4 **NOT NECESSARY IN THE PUBLIC INTEREST**

5 17. In its Application, Horizon West requests the Commission to grant certain exemptions
6 from PU Code Sections 816–830 and 851, pursuant to PU Code Sections 829 and 853. In
7 this section of my declaration, I provide support for this request.

8 18. As a transmission-only utility, Horizon West’s rates are exclusively regulated by FERC
9 under the Federal Power Act (“FPA”), and therefore, FERC will oversee Horizon West’s
10 securities transactions. Specifically, Horizon West will file an application (or
11 applications) under Section 204 of the Federal Power Act (“FPA”) to receive approval
12 from FERC for its financing transactions, including the transaction to be accomplished
13 through the Loan Documents. Interested parties will have the opportunity to participate
14 in these proceedings at FERC, and FERC will ultimately determine whether the issuances
15 are in the public interest and whether any conditions on approval are necessary.

16 19. I understand that the Commission has granted previous requests by utilities for
17 exemptions. In a prior decision related to Trans Bay Cable LLC (“TBC”), I understand
18 that the Commission established certain conditions in granting TBC’s requested
19 exemptions. Specifically, I understand the exemptions were granted to TBC subject to
20 the following conditions and limitations: (i) if TBC is cited by the Commission for a
21 safety violation, or if the Commission opens an Order Instituting Investigation for a
22 safety violation, the exemptions are prospectively revoked; (ii) if TBC anticipates
23 requesting more than a 20 percent rate increase from FERC as a result of a securities
24 transaction, the exemptions do not apply to that transaction, and TBC must file an
25 application with the Commission; (iii) if a securities transaction will result in a functional
26 or actual change of ownership or control of TBC or its facilities (that would trigger a
27 requirement for prior Commission approval under PU Code Section 854 or Section 851),
28 the exemptions do not apply, and TBC must file an application at the Commission; and
29 (iv) the decision granting exemptions did not grant TBC an exemption from the
30 requirements of PU Code Section 854. Additionally, the Commission made clear that the
31 exemptions granted to TBC may be revoked, limited, or conditioned on a prospective
32 basis by the Commission at any time. Horizon West is willing to accept these same
33 conditions and limitations that were applied to TBC and has drafted its requested relief in
34 the Application accordingly.

35 20. This concludes my declaration.

I declare under penalty of perjury that the foregoing information is true and complete to the best of my knowledge, information, and belief.

Dated: August 29th, 2019 in Juno Beach, Florida.



Brian Duncan
President
Horizon West Transmission, LLC

EXHIBIT C

Declaration of Mr. Aldo Portales

**DECLARATION OF ALDO PORTALES ON BEHALF OF
HORIZON WEST TRANSMISSION, LLC**

I. INTRODUCTION AND SUMMARY

1. My name is Aldo Portales. My business address is 700 Universe Blvd., Juno Beach, Florida 33408. I am employed as Assistant Treasurer of NextEra Energy, Inc. (“NextEra Energy”) and NextEra Energy Capital Holdings, Inc. (“NEECH”), and work in the NextEra Energy Treasury Department.
2. I am directly employed by Florida Power & Light Company (“FPL”), a direct subsidiary of NextEra Energy. I was appointed to my current position in February 2012. I am responsible for executing the financing plan for the NextEra Energy family of companies, including corporate debt and equity issuances for FPL, NEECH, and NextEra Energy as well as executing financings for NextEra Energy’s various subsidiaries, including Horizon West Transmission, LLC (“Horizon West”).
3. I am submitting this declaration on behalf of Horizon West in support of its Application for Exemption from Public Utilities Code Sections 816–830 and 851 to enable Horizon West to incur indebtedness not to exceed \$35 million to facilitate the construction and operations of its transmission facilities and to encumber its assets as security for such debt, pursuant to a Loan Agreement that Horizon West proposes to enter into with its indirect parent company, NEECH.
4. In this declaration, I provide information regarding NEECH and its ability to fund the Loan Agreement. The Loan Agreement and other associated agreements that Horizon West and NEECH will enter are described in more detail in the Application and in the supporting declaration from Mr. Brian Duncan provided as Exhibit B to the Application.

II. DESCRIPTION OF NEXTERA ENERGY AND NEECH

5. NextEra Energy is the nation’s leading clean energy company. NextEra Energy’s principal businesses are FPL, which is Florida’s largest electric utility with approximately 5 million customer accounts, and NextEra Energy Resources, LLC (“NextEra Energy Resources”), which is the largest generator of renewable energy from the wind and sun in North America. NextEra Energy is also the indirect upstream parent company of other regulated utilities throughout the U.S., including Trans Bay Cable LLC, Gulf Power Company (“Gulf Power”), Lone Star Transmission, LLC (“Lone Star”), and New Hampshire Transmission, LLC.

6. NEECH is a direct, wholly-owned subsidiary of NextEra Energy that holds direct or indirect ownership interests in, and is a source of funding for, NextEra Energy's operating subsidiaries other than FPL and Gulf Power, including Horizon West.
7. NEECH has sufficient financial resources to support the Loan Agreement. As of March 31, 2019, NEECH has approximately \$6.6 billion in credit commitments from 62 banks, which enables it to fund major infrastructure projects to serve customers.
8. NEECH enjoys access to credit and the capital markets to meet its capital requirements, in addition to substantial operating cash flows. NEECH has access to and regularly secures financing in public and private debt capital markets for itself and to fund certain NextEra Energy operating subsidiaries. NEECH maintains strong investment grade credit ratings; NEECH's current corporate credit ratings are as follows:

Table 1 NEECH's current corporate credit ratings

Company	Moody's	S&P	Fitch
NEECH	Baa1	A-	A-

9. Through the diligent efforts of its experienced financing team and established relationships with many domestic and international financial institutions, NextEra Energy and its subsidiaries have successfully raised over \$54 billion of debt and equity capital during the period 2014 through 2018. NEECH has significant experience financing rate-regulated businesses. One example is the \$387 million construction financing in 2011 for NEET's operating utility subsidiary in Texas, Lone Star, which allowed the startup utility to develop and construct a more than \$700 million greenfield high voltage transmission line in Texas. Other examples of successful financings by NEECH include the financing of \$360 million in notes and \$60 million in credit facilities that were used to permanently finance Lone Star in 2014, and NEECH's successful financing of approximately \$990 million since 2017 through three transactions for NextEra Energy's Sabal Trail Transmission and Florida Southeast Connection natural gas pipelines.

III. THE LOAN AGREEMENT REPRESENTS LESS THAN FIVE PERCENT OF THE ANNUAL ISSUANCES BY NEECH

10. I understand that the Commission has established certain financing rules for public utilities in California (referred to as the "New Financing Rule").¹ I also understand that the Commission exempted utilities from the requirements of the New Financing Rule in certain instances: (i) issuances of \$42 million or less, adjusted each year for the

¹ Decision ("D") 12-06-015, corrected by D.12-07-003.

1 Consumer Price Index (“CPI”) found on the California Department of Finance’s website
2 or its successor; and (ii) debt issuances made through an affiliate that provides debt
3 issuance services to all affiliates of the same parent, if the debt accounts for less than five
4 percent (5%) of the financing affiliate’s annual issuances.²

5 11. I will address both of these exemptions.

6 12. First, the total amount that NEECH will lend to Horizon West under the Loan Agreement
7 is \$35 million, which is less than the \$42 million threshold for the exemption set forth in
8 the New Financing Rule, even before adjustment for inflation under the CPI.

9 13. Second, the total amount that NEECH will lend to Horizon West under the Loan
10 Agreement (\$35 million) is less than five percent of the amount of NEECH’s annual
11 issuances. As I stated above, NEECH regularly issues debt to fund NextEra Energy’s
12 operating subsidiaries. In calendar year 2018, NEECH issued approximately \$8.5 billion
13 in capital markets issuances; taking this total issuance amount, the amount that NEECH
14 agrees to lend Horizon West through the Loan Agreement would be 0.4 percent of
15 NEECH’s total issuances. In calendar year 2019 to date, NEECH has issued
16 approximately \$5.9 billion in capital markets issuances; the amount that NEECH agrees
17 to lend Horizon West through the Loan Agreement would be 0.6 percent of NEECH’s
18 total issuances, even assuming NEECH does not make any further issuances in 2019.
19 Therefore, the total aggregate amount of the Loan Agreement is well below five percent
20 of the total annual issuances by NEECH to its affiliates.

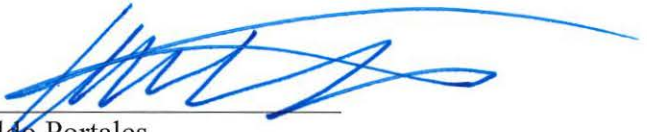
21 14. This concludes my declaration.

² D.12-06-015 at 23.

Exhibit C (Portales Declaration)

I declare under penalty of perjury that the foregoing information is true and complete to the best of my knowledge, information, and belief.

Dated: August 29, 2019 in Juno Beach, Florida.



Aldo Portales
Assistant Treasurer

EXHIBIT D

Horizon West Transmission, LLC Balance Sheet and Income Statement

HORIZON WEST TRANSMISSION, LLC
BALANCE SHEET
AS OF JUNE 30, 2019

	<u>June 30, 2019</u>
ASSETS	
Construction work in progress	\$ 39,676,235
Total electric utility plant — net	<u>39,676,235</u>
Cash	3,297,663
Accounts receivable	4,722
Accounts receivable - associated companies	65,047
Income tax receivable	2,935,169
Other current assets	79,167
Total current assets	<u>6,381,768</u>
TOTAL ASSETS	<u><u>\$ 46,058,003</u></u>
LIABILITIES AND MEMBER'S EQUITY	
Accounts payable — third party	\$ 727,188
Accounts payable — associated companies	384,901
Other accrued liabilities	1,889,165
Total current liabilities	<u>3,001,254</u>
Accumulated deferred income taxes	5,332,683
Total non-current liabilities	<u>5,332,683</u>
TOTAL LIABILITIES	<u>8,333,937</u>
MEMBER'S EQUITY	37,724,066
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u><u>\$ 46,058,003</u></u>

HORIZON WEST TRANSMISSION, LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019
OTHER INCOME	
Allowance for funds used during construction	1,035,244
Total other income	1,035,244
 INCOME BEFORE INCOME TAXES	 1,035,244
 INCOME TAXES	 (14,861)
 NET INCOME	 1,020,383

EXHIBIT E

Horizon West Transmission, LLC Certificate of Formation (Delaware) and
Certificate of Registration with the California Secretary of State

Delaware

The First State

Page 1

*I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT
COPY OF THE CERTIFICATE OF AMENDMENT OF "NEXTERA ENERGY
TRANSMISSION WEST, LLC", CHANGING ITS NAME FROM "NEXTERA ENERGY
TRANSMISSION WEST, LLC" TO "HORIZON WEST TRANSMISSION, LLC",
FILED IN THIS OFFICE ON THE THIRTEENTH DAY OF MARCH, A.D. 2019,
AT 5:39 O`CLOCK P.M.*


Jeffrey W. Bullock, Secretary of State

5532289 8100
SR# 20191956380

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202437077
Date: 03-13-19

**STATE OF DELAWARE
CERTIFICATE OF AMENDMENT**

1. Name of Limited Liability Company: _____
NextEra Energy Transmission West, LLC

2. The Certificate of Formation of the limited liability company is hereby amended
as follows:

FIRST: The name of the limited liability company
(hereinafter called "limited liability company") is
Horizon West Transmission, LLC

IN WITNESS WHEREOF, the undersigned have executed this Certificate on
the 11th day of March, A.D. 2019.

By: Melissa A Plotsky
Authorized Person(s)

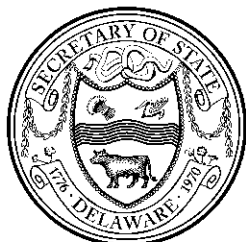
Name: Melissa A. Plotsky
Print or Type

Delaware

PAGE 1

The First State

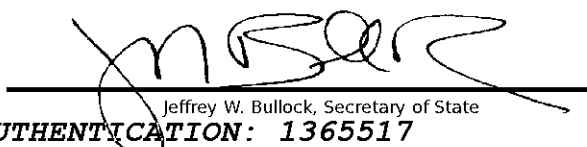
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "NEXTERA ENERGY TRANSMISSION WEST, LLC", FILED IN THIS OFFICE ON THE TWELFTH DAY OF MAY, A.D. 2014, AT 7:47 O'CLOCK P.M.



5532289 8100

140612932

You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 1365517

DATE: 05-12-14

STATE of DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE of FORMATION

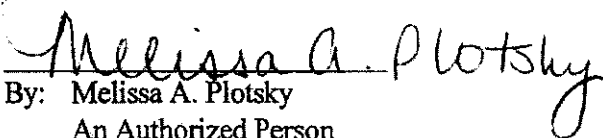
The undersigned, an authorized natural person, for the purpose of forming a limited liability company under the provisions and subject to the requirements of the laws of the State of Delaware (including Chapter 18, Title 6 of the Delaware Code and the acts amendatory thereof and supplemental thereto, and known, identified, and referred to as the "Delaware Limited Liability Company Act"), hereby certifies that:

FIRST: The name of the limited liability company (hereinafter called the "limited liability company") is **NextEra Energy Transmission West, LLC**.

SECOND: The address of the registered office and the name and address of the registered agent of the limited liability company required to be maintained by Section 18-104 of the Delaware Limited Liability Company Act are:

The Corporation Trust Company
1209 Orange Street
Wilmington, DE 19801

Executed this 12th day of May, 2014.


By: Melissa A. Plotsky
An Authorized Person

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "NEXTERA ENERGY TRANSMISSION WEST, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FIFTH DAY OF AUGUST, A.D. 2015.

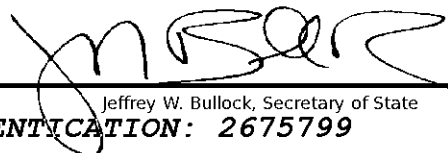
AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "NEXTERA ENERGY TRANSMISSION WEST, LLC" WAS FORMED ON THE TWELFTH DAY OF MAY, A.D. 2014.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.

5532289 8300

151215890




Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 2675799

DATE: 08-25-15

State of California
Secretary of State

AMENDED CERTIFICATE OF REGISTRATION

I, ALEX PADILLA, Secretary of State of the State of California, hereby certify:

That on the **14th** day of **March, 2019**, there was filed in this office an Amended Application for Registration, Foreign Limited Liability Company whereby the name, under which the foreign limited liability company was registered and transacting business in California, as **NEXTERA ENERGY TRANSMISSION WEST, LLC** a limited liability company organized and existing under the laws of **Delaware** was changed to **HORIZON WEST TRANSMISSION, LLC**.

This limited liability company complied with the requirements of California law in effect on that date for the purpose of registering to transact intrastate business in the State of California and is qualified and authorized to transact intrastate business in the State of California. Subject, however to any licensing requirements otherwise imposed by the laws of this State.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this
22nd day of March 2019.



A handwritten signature in black ink, appearing to read "Alex Padilla".

ALEX PADILLA
Secretary of State



**Secretary of State
Foreign Limited Liability
Company (LLC)
Name Change Amendment**

LLC-6

IMPORTANT — Read Instructions before completing this form.

Must be submitted with a current certificate evidencing the name change issued by the government agency where the LLC was formed. *See Instructions.*

Filing Fee - \$30.00

Copy Fees - First page \$1.00; each attachment page \$0.50;
Certification Fee - \$5.00

Note: You must file a Statement of Information (Form LLC-12) to change the LLC's business address(es), or to change the name or address of the LLC's agent for service of process. Statements of Information (Form LLC-12) can be filed online at bizfile.sos.ca.gov.

FILED
Secretary of State
State of California
MAR 14 2019

1cc
Above Space For Office Use Only

1. LLC Exact Name Used in California (Enter the name used in California exactly as listed on the records of the California Secretary of State.)

NextEra Energy Transmission West, LLC

2. LLC 12-Digit (File) Entity Number (Enter the exact 12-digit Entity (File) Number issued by the California Secretary of State.)

201507510040

3. New LLC Name in the State, Country, or Other Place of LLC Formation (If the LLC changed its name in the jurisdiction of formation, list the new LLC name as listed on your attached certificate evidencing the name change.)

Horizon West Transmission, LLC

4. California Alternate Name, if Required (*See Instructions* - Complete either 4a, 4b, OR 4c)

4a. List an alternate name to be used in California if: (1) the LLC name in Item 3 does not comply with California naming requirements or (2) you only are filing this form to change an existing alternate name used in California. List the alternate name exactly as it is to appear on the records of the California Secretary of State.

4b. Check this box if you completed Item 3, above **and** if applicable. If you check this box, do not complete Item 4a above or 4c below.

☐ This LLC registered in California before January 1, 2014; currently transacts intrastate business in California under the alternate name listed in Item 1 above; and upon this filing, will continue to transact intrastate business in California under the alternate name listed in Item 1 above.

4c. If you check this box, do not complete Item 4a or 4b above.

☐ Check this box if you are relinquishing the California alternate name.

Signature

By signing, I certify that the information is true and correct and that I am authorized to sign on behalf of the foreign LLC. The attachments, if any, attached hereto are incorporated herein by this reference.

Melissa A Plotsky
Signature

Melissa A. Plotsky

Type or Print Name

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THAT THE SAID "NEXTERA ENERGY TRANSMISSION WEST, LLC", FILED A CERTIFICATE OF AMENDMENT, CHANGING ITS NAME TO "HORIZON WEST TRANSMISSION, LLC" ON THE THIRTEENTH DAY OF MARCH, A.D. 2019, AT 5:39 O`CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID LIMITED LIABILITY COMPANY IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE NOT HAVING BEEN CANCELLED OR REVOKED SO FAR AS THE RECORDS OF THIS OFFICE SHOW AND IS DULY AUTHORIZED TO TRANSACT BUSINESS.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "HORIZON WEST TRANSMISSION, LLC" WAS FORMED ON THE TWELFTH DAY OF MAY, A.D. 2014.




Jeffrey W. Bullock, Secretary of State

5532289 8320
SR# 20191970036

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202440108
Date: 03-14-19

201507510040

DECLARATION



I hereby certify that the foregoing transcript of 2 page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

MAR 25 2019

Date:

Alex Padilla

ALEX PADILLA, Secretary of State

State of California
Secretary of State

CERTIFICATE OF REGISTRATION

I, ALEX PADILLA, Secretary of State of the State of California, hereby certify:

That on the **12th** day of **March, 2015**, **NEXTERA ENERGY TRANSMISSION WEST, LLC**, complied with the requirements of California law in effect on that date for the purpose of registering to transact intrastate business in the State of California; and further purports to be a limited liability company organized and existing under the laws of **Delaware** as **NEXTERA ENERGY TRANSMISSION WEST, LLC** and that as of said date said limited liability company became and now is duly registered and authorized to transact intrastate business in the State of California, subject, however, to any licensing requirements otherwise imposed by the laws of this State.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great Seal
of the State of California this day of
March 17, 2015.



ALEX PADILLA
Secretary of State

RVA

LLC-5

Application to Register a Foreign Limited Liability Company (LLC)

201507510040

FILED

Secretary of State
State of California

MAR 12 2015



To register in California an LLC from another state, country or other place, fill out this form, and submit for filing along with:

- A \$70 filing fee, and
- A certificate of good standing, issued within the last six (6) months by the agency where the LLC was formed.
- A separate, non-refundable \$15 service fee also must be included, if you **drop off** the completed form.

Important! LLCs in California may have to pay a minimum \$800 yearly tax to the California Franchise Tax Board. For more information, go to <https://www.ftb.ca.gov>.

Registered LLCs cannot provide in California "professional services," as defined by California Corporations Code sections 13401(a) and 13401.3.

ICC

This Space For Office Use Only

For questions about this form, go to www.sos.ca.gov/business/be/filing-tips.htm

LLC Name to be used for this LLC in California

- ① a. NextEra Energy Transmission West, LLC

LLC Name

List the LLC name you use now (exactly as listed on your certificate of good standing)

b.

Alternate Name

If the LLC name in Item 1a does not comply with California Corporations Code section 17701.08, list an alternate name to be used in California exactly as it is to appear on the records of the California Secretary of State. The alternate name must include: LLC, L.L.C., Limited Liability Company, Limited Liability Co., Ltd. Liability Co. or Ltd. Liability Company; and may not include: bank, trust, trustee, incorporated, inc., corporation, or corp., insurer, or insurance company. For general entity name requirements and restrictions, go to www.sos.ca.gov/business/be/name-availability.htm.

LLC History

- ② a. Date your LLC was formed (MM, DD, YYYY): May, 12, 2014

b. State, country or other place where your LLC was formed: Delaware

c. Your LLC currently has powers and privileges to conduct business in the state, country or other place listed above.

Service of Process (List a California resident or a California registered corporate agent that agrees to be your initial agent to accept service of process in case your LLC is sued. You may list any adult who lives in California. You may not list an LLC as the agent. Do not list an address if the agent is a California registered corporate agent as the agent's address for service of process is already on file.)

- ③ a. C T Corporation System

Agent's Name

b.

Agent's Street Address (if agent is not a corporation) - Do not list a P.O. Box

City (no abbreviations)

CA

State Zip

If the agent listed above has resigned or cannot be found or served after reasonable attempts, the California Secretary of State will be appointed the agent for service of process for your LLC.

LLC Addresses

- ④ a. 700 Universe Blvd.

Juno Beach

FL

33408

Street Address of Principal Executive Office - Do not list a P.O. Box

City (no abbreviations)

State Zip

b.

Street Address of Principal Office in California, if any - Do not list a P.O. Box

City (no abbreviations)

CA

State Zip

c.

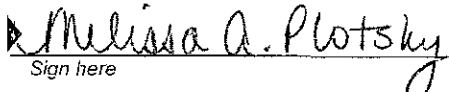
Mailing Address of Principal Executive Office, if different from 4a or 4b

City (no abbreviations)

State Zip

Read and sign below:

I am authorized to sign this document under the laws of the state, country or other place where this LLC was formed.


Sign here

Melissa A. Plotsky

Print your name here

Secretary

Your business title

Make check/money order payable to: **Secretary of State**

Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee.

By Mail

Secretary of State
Business Entities, P.O. Box 944228
Sacramento, CA 94244-2280

Drop-Off

Secretary of State
1500 11th Street, 3rd Floor
Sacramento, CA 95814

State of California
Secretary of State

CERTIFICATE OF STATUS

ENTITY NAME: NEXTERA ENERGY TRANSMISSION WEST, LLC

REGISTERED IN CALIFORNIA AS: NEXTERA ENERGY TRANSMISSION WEST, LLC

FILE NUMBER: 201507510040
REGISTRATION DATE: 03/12/2015
TYPE: FOREIGN LIMITED LIABILITY COMPANY
JURISDICTION: DELAWARE
STATUS: ACTIVE (GOOD STANDING)

I, ALEX PADILLA, Secretary of State of the State of California, hereby certify:

The records of this office indicate the entity is qualified to transact intrastate business in the State of California.

No information is available from this office regarding the financial condition, business activities or practices of the entity.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of August 26, 2015.

A handwritten signature in black ink, appearing to read 'Alex Padilla', is written over a horizontal line.

ALEX PADILLA
Secretary of State