AUSLEY & MCMULLEN
ATTORNEYS AND COUNSELORS AT LAW
227 SOUTH CALHOUN STREET
P.O. BOX 391 (ZIP 32302)
TALLAHASSEE, FLORIDA 32301
(850) 224-9115 FAX (850) 222-7560

January 19, 1999

HAND DELIVERED

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Amended Petition of Tampa Electric Company to Establish its New Standard Offer Contract; Docket No. 981893-EQ

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa Electric Company's Amended Petition to Establish a New Standard Offer Contract for Qualifying Cogeneration and Small Power Production Facilities.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

RECEIVED & FILED
FPSC-BUREAU OF RECORDS

Sincerely,

James D. Beasley

JDB/pp
Enclosures

ACK
AFA
APP
CAF
CMU
CTR
EAG Haff
LEG 1
LIN 5
OPC
RCH
SEC 1
WAS
OTH

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Amended Petition of Tampa Electric Company to Establish Its New Standard Offer Contract.	)	DOCKET NO. 981893-EQ FILED: January 19, 1999

TAMPA ELECTRIC COMPANY'S AMENDED PETITION TO ESTABLISH A NEW STANDARD OFFER CONTRACT FOR QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES

Tampa Electric Company ("Tampa Electric" or "the company"), pursuant to Section 366.051, Florida Statutes, and Chapter 25-17.0832(4), Florida Administrative Code, petitions the Commission to approve the attached Standard Offer Contract and related Tariff Sheets, and, as grounds therefore, states:

1. The name, address, telephone number and facsimile number of the petitioner are:

Tampa Electric Company
Post Office Box 111
Tampa, Florida 33602
(813) 228-4111
(813) 228-1770 (fax)

2. The name, address, telephone number and facsimile number of the attorney and qualified representative of the Petitioner are:

Lee L Willis James D. Beasley Ausley & McMullen Post Office Box 391 Tallahassee, FL 32302 (850) 224-9115 (850) 222-7952	Angela Llewellyn Administrator, Regulatory Coordination Tampa Electric Company Post Office Box 111 Tampa, FL 33601 (813) 228-1752) (813) 228-1770 (fax)

3. Tampa Electric is a Commission regulated electric utility company providing retail electric service to customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties in Florida.

4. On August 22, 1994, the Commission entered two orders[1] granting the company's petition to withdraw a previously proposed standard offer and granting the company's petition to close its then existing standard offer.

5. On August 25, 1998, Tampa Electric presented the Commission its revised 1998 Ten Year Site Plan. Based on a number of factors, the revised plan necessitated additional combustion turbines (CTs) on Tampa Electric's system and warrants Tampa Electric's request to make available the enclosed Standard Offer Contract for qualifying cogeneration and small power production facilities ("QFs"). The revised 1998 Ten Year Site Plan submitted with our original petition is incorporated herein by reference as Exhibit "A."

6. The revised 1998 Ten Year Site Plan identifies the next documented unit scheduled to be placed in service as the 2001 CT. Upon identification of the 2001 CT as the next unit, the company recognized that by the time it prepared and obtained Commission approval of a new standard offer and went through the procedures of evaluating any signed contracts pursuant to the standard offer, the company would likely find itself well into the time frame needed to permit, procure and construct the 2001 CT. Therefore, any such signed contracts pursuant to the Standard Offer would not provide direct avoidable or deferred benefits specifically tied to the 2001 CT.

---

[1]Order No. PSC-94-1008-FOF-EQ in Docket No. 940094-EQ and Order No. PSC-94-1009-FOF-EQ in Docket No. 931218-EQ

Using this rationale, on December 18, 1998, the company submitted a proposed standard offer predicated on a 2003 CT with a 180-megawatt winter rating and 155-megawatt summer rating as Tampa Electric's next avoided unit. This unit is scheduled to be placed in service in 2003, as reflected in the company's 1998 revised Ten Year Site Plan. Using the 2003 CT as the company's avoided unit would enable Tampa Electric to open a standard offer with a reasonable open solicitation period and a reasonable opportunity to avoid or defer the unit.

However, based on the January 7, 1999, staff recommendation, the company notified Staff on January 14, 1999 that it would be filing an amended petition seeking approval of a standard offer contract predicated on a 2001 CT. As such, the standard offer submitted with this amended petition is predicated on the 2001 CT with a 180-megawatt winter rating and 155-megawatt summer rating as Tampa Electric's next unit.

7. Tampa Electric is seeking approval of the revision of the following portions of Section 8 of its tariff: 1) **Schedule COG-2, Firm Capacity and Energy:** Standard Offer Contract Rate for Purchase of Firm Capacity and Energy from small Qualifying Facilities or Municipal Solid Waste Facilities (Qualifying Facilities) 2) **Standard Offer Contract:** Standard Offer Contract for the Purchase of Firm Capacity and Energy from a small Qualifying Facility or Municipal Solid Waste Facility, 3) **Interconnection Agreement:** Interconnection Agreement and 4) **General Standards for Safety:** General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System. In addition, to improve the usability of the tariff, a change in the software and font that is used to produce tariff sheets is also being made as the tariff sheets are revised or updated. This change has resulted in the repagination of a large portion of Section 8 Tampa Electric's tariff. To this end, Tampa Electric is submitting an otherwise

unaltered version of **Schedule COG-1, As-Available Energy**; Standard Rate for Purchase of As-Available Energy from Qualifying Cogeneration and Small Power Production Facilities (Qualifying Facilities).

8. Attached hereto as Exhibit "B" are the requested amendments in standard format.

9. Attached hereto as Exhibit "C" is a composite exhibit consisting of the tariff pages included in Exhibit "B" but marked in legislative format to show the specific changes which the company is proposing.

WHEREFORE, Tampa Electric urges the Commission to approve the company's proposed standard offer contract based on a 2001 CT as the avoided unit.

DATED this 19th day of January, 1999.

Respectfully submitted,

LEE L. WILLIS
JAMES D. BEASLEY
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

INDEX

COGENERATION AND SMALL POWER PRODUCTION

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

SCHEDULE
COG-1, As-Available Energy

AVAILABLE
Tampa Electric Company will purchase energy offered by any Qualifying Facility irrespective of its location, which is directly or indirectly interconnected with the Company, under the provisions of this schedule or at contract negotiated rates. Tampa Electric Company will negotiate and may contract with a Qualifying Facility, irrespective of its location, which is directly or indirectly interconnected with the Company where such negotiated contracts are in the best interest of the Company's ratepayers.

APPLICABLE
To any cogeneration or small power production Qualifying Facility producing energy for sale to the Company on an As-Available basis. As-Available Energy is described by the Florida Public Service Commission (FPSC) Rule 25-17.0825, Florida Administrative Code (F.A.C.), and is energy produced and sold by a Qualifying Facility on an hour-by-hour basis for which contractual commitments as to the time, quantity, or reliability of delivery are not required. Because of the lack of assurance as to the quantity, time, or reliability of delivery of As-Available Energy, no Capacity Payment shall be made to a Qualifying Facility for delivery of As-Available Energy. Criteria for achieving Qualifying Facility status shall be those set out in FPSC Rule 25-17.080.

CHARACTER OF SERVICE
Purchases within the territory served by the Company shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage. Purchases from outside the territory served by the Company shall be three phase, 60 Hertz, alternating current at the voltage level available at the interchange point between the Company and the entity delivering As-Available Energy from the Qualifying Facility.

Continued to Sheet No. 8.030

Continued from Sheet No. 8.020

LIMITATIONS

All service pursuant to this schedule is subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.091, F.A.C.

RATES FOR PURCHASES BY THE COMPANY

A. **Capacity Rates**

Capacity payments to Qualifying Facilities will not be paid under this schedule. Capacity payments to small Qualifying Facilities of less than 75 MWs or Solid Waste Facilities may be obtained under either a Standard Offer Contract as described in Schedule COG-2, Firm Capacity and Energy or a negotiated contract.

Capacity payments to Qualifying Facilities of 75 MWs or greater may only be obtained under a negotiated contract as described in FPSC Rule 25-17.0832.

B. **Energy Rates**

As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour (¢/KWH), based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C.

Avoided energy costs include incremental fuel, identifiable variable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. The calculation of payments to the Qualifying Facility shall be based on the energy deliveries from the Qualifying Facility to the Company and the applicable avoided energy rate, in accordance with FPSC Rule 25-17.082, F.A.C. All sales shall be adjusted for losses from the point of metering to the point of interconnection.

The methodology to be used in the calculation of the avoided energy cost is described in Appendix A.

C. **Negotiated Rates**

Upon agreement by both the Company and the Qualifying Facility, an alternate contract rate for the purchase of As-Available Energy may be separately negotiated.

Continued to Sheet No. 8.040

Continued from Sheet No. 8.030

ESTIMATED AS-AVAILABLE AVOIDED ENERGY COST

Upon request by a qualifying facility or any interested person, the Company shall provide within 30 days its most current projections of its generation mix, fuel price by type of fuel, and at least a five year projection of fuel forecasts to estimate future as-available energy prices as well as any other information reasonably required by the qualifying facility to project future avoided cost prices including, but not limited to, a 24 hour advance forecast of hour-by-hour avoided energy costs. The Company may charge an appropriate fee, not to exceed the actual cost of production and copying, for providing such information.

Continued to Sheet No. 8.050

Continued from Sheet No. 8.040

DELIVERY VOLTAGE ADJUSTMENT

For purchases from Qualifying Facilities directly interconnected to the Company, the Company's actual hourly avoided energy costs shall be adjusted according to the delivery voltage by the following multipliers:

Rate Schedule	Adjustment Factor
RS, GS	1.0616
GSD, GSLD, SBF	1.0561
IS-1, IS-3	1.0254
SBI-1, SBI-3	1.0254

For purchases from Qualifying Facilities not directly interconnected to the Company, any adjustments to the Company's actual hourly avoided energy costs for delivery voltage will be determined based on the Company's current annual system average transmission loss factor.

METERING REQUIREMENTS

The Qualifying Facility within the territory served by the Company shall be required to purchase from the Company the metering equipment necessary to measure its energy deliveries to the Company. Energy purchased from Qualifying Facilities outside the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering As-Available Energy to the Company. Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period.

Hourly recording meters shall be required for Qualifying Facilities with an installed capacity of 100 kilowatts or more. Where the installed capacity is less than 100 kilowatts, the Qualifying Facility may select any one of the following options: (a) an hourly recording meter, (b) a dual kilowatt-hour register time-of-day meter, or (c) a standard kilowatt-hour meter.

For Qualifying Facilities with hourly recording meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the Company's actual As-Available Energy Payment Rate for each hour during the month; and (2) the quantity of energy sold by the Qualifying Facility during that hour.

For Qualifying Facilities with dual kilowatt-hour register time-of-day meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly As-Available Energy Payment Rates for the on-peak and off-peak periods during the month; and (2) the quantity of energy sold by the Qualifying Facility during that period.

Continued to Sheet No. 8.060

Continued from Sheet No. 8.050

For Qualifying Facilities with standard kilowatt-hour meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly As-Available Energy Payment Rate for the off-peak periods during that month; and (2) the quantity of energy sold by the Qualifying Facility during that month.

For a time-of-day metered Qualifying Facility, the on-peak hours occur Monday through Friday except holidays, April 1 - October 31 from 12 noon to 9:00 p.m. and November 1 - March 31 from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m.. All hours not mentioned above and all hours of the holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day are off-peak hours.

BILLING OPTIONS

The Qualifying Facilities may elect to make either simultaneous purchases and sales or net sales. The billing option elected may only be changed in accordance with FPSC Rule 25-17.082:

1. when the Qualifying Facility selling As-Available Energy enters into a negotiated contract or standard offer contract for the sale of Firm Capacity and Energy; or
2. when a Firm Capacity and Energy contract expires or is lawfully terminated by either the Qualifying Facility or Tampa Electric Company; or
3. when the Qualifying Facility is selling As-Available Energy and has not changed billing methods within the last twelve months; and
4. when the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or any contract between the Qualifying Facility and Tampa Electric Company.

If the Qualifying Facility elects to change billing methods in accordance with FPSC Rule 25-17.082, such a change shall be subject to the following provisions:

1. upon at least thirty (30) days advance written notice;

Continued to Sheet No. 8.061

Continued from Sheet No. 8.060

2. upon the installation by Tampa Electric Company of any additional metering equipment reasonably required to effect the change in billing and upon payment by the Qualifying Facility for such metering equipment and its installation; and

3. upon completion and approval by Tampa Electric Company of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the Qualifying Facility for such alterations.

Should a Qualifying Facility elect to make simultaneous purchases and sales, purchases of electric service by the Qualifying Facility from the interconnecting utility shall be billed at the retail rate schedule under which the Qualifying Facility load would receive service as a non-generating customer of the utility; sales of electricity delivered by the Qualifying Facility to the purchasing utility shall be purchased at the utility's avoided capacity and energy rates, where applicable, in accordance with Rules 25-17.0825 and 25-17.0832.

Should a Qualifying Facility elect a net billing arrangement, the hourly net energy sales delivered to the purchasing utility shall be purchased at the utilities avoided capacity and energy rates, where applicable, in accordance with Rules 25-17.0825 and 25-17.0832, purchases from the interconnecting utility shall be billed pursuant to the utility's applicable standby and supplemental service rate schedule.

Continued to Sheet No. 8.070

Continued from Sheet No. 8.061

CHARGES/CREDITS TO QUALIFYING FACILITY

A. Customer Charges

A monthly Customer Charge will be rendered for maintaining an account for a Qualifying Facility engaged in either an As-Available Energy or Firm Capacity and Energy transaction and for other applicable administrative costs. Actual charges will depend on how the QF is interconnected to the Company.

QFs not directly interconnected to the Company, will be billed $580 monthly as a Customer Charge.

Monthly customer charges, applicable to QFs directly interconnected to the Company, by Rate Schedule are:

Rate Schedule	Customer Charge	Rate Schedule	Customer Charge
RS	$ 8.50	RST	$ 11.50
GS	8.50	GST	11.50
GSD	42.00	GSDT	49.00
GSLD	255.00	GSLDT	255.00
SBF	280.00	SBFT	280.00
IS-1	1,000.00	IST-1	1,000.00
IS-3	1,000.00	IST-3	1,000.00
SBI-1	1,025.00	SBIT-1	1,025.00
SBI-3	1,025.00	SBIT-3	1,025.00

When appropriate, the Customer Charge will be deducted from the Qualifying Facility's monthly payment. A statement of the charges or payments due the Qualifying Facility will be rendered monthly. Payment normally will be made by the twentieth business day following the end of the billing period.

Continued to Sheet No. 8.071

Continued from Sheet No. 8.070

B. Interconnection Charge for Non-Variable Utility Expenses:
The Qualifying Facility shall bear the cost required for interconnection including the metering. The Qualifying Facility shall have the option of payment in full for interconnection or making equal monthly installment payments over a thirty-six (36) month period together with interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate to be determined by the Company thirty (30) days prior to the date of each payment.

C. Interconnection Charge for Variable Utility Expenses
The Qualifying Facility shall be billed monthly for the cost of variable utility expenses associated with the operation and maintenance of the interconnection. These include: (a) the Company's inspections of the interconnection and (b) maintenance of any equipment beyond that which would be required to provide normal electric service to the Qualifying Facility if no sales to the Company are involved.

Continued to Sheet No. 8 080

Continued from Sheet No. 8.071

D. Taxes and Assessments

The Qualifying Facility shall be billed monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its purchases of As-Available Energy produced by the Qualifying Facility.

If the Company obtains any tax savings as a result of its purchases of As-Available Energy produced by the Qualifying Facility, which tax savings would not have otherwise been obtained, those tax savings shall be credited to the Qualifying Facility.

TERMS OF SERVICE

1) It shall be the Qualifying Facility's responsibility to inform the Company of any change in its electric generation capability.

2) Any electric service delivered by the Company to the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.

3) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C. and the following:

   A) In the first year of operation, the security deposit shall be based upon the singular month in which the Qualifying Facility's projected purchases from the utility exceed, by the greatest amount, the utility's estimated purchases from the Qualifying Facility. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit shall be required upon interconnection.

   B) For each year thereafter, a review of the actual sales and purchases between the Qualifying Facility and the utility shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Qualifying Facility exceed the actual sales to the utility in that month.

Continued to Sheet No. 8.090

Continued from Sheet No. 8.080

4) The company shall specify the point of interconnection and voltage level.

5) The Company will, under the provisions of this schedule, require an interconnection agreement with the Qualifying Facility using either the Company's filed Interconnection Agreement or a negotiated Interconnection Agreement. The Qualifying Facility shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, and may require modifications to the Company's General Standards for Safety and Interconnection where applicable.

6) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

SPECIAL PROVISIONS

1) Negotiated contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.

2) In accordance with the provision in Rule 25-17.0883, the Company is required to provide transmission and distribution service to enable a retail customer to transmit electrical power generated at one location to the customer's facilities at another location when provision of such service and its associated charge, terms, and other conditions are not reasonably projected to result in higher cost of electric service to the Company's general body of retail and wholesale customers or adversely affect the adequacy or reliability of electric service to all customers.

   A determination of whether or not transmission service for self-service wheeling is likely to result in higher cost electric service will be made by evaluating the results of an appropriately adjusted FPSC approved cost effectiveness methodology, in addition to other modeling analyses.

3) In accordance with Rule 25-17.089, upon request by a Qualifying Facility, Tampa Electric Company shall provide transmission service to wheel As-Available Energy produced by a Qualifying Facility from the Qualifying Facility to another electric utility.

Continued to Sheet No. 8.100

Continued from Sheet No. 8.090

4) Where existing Company transmission capacity exists, the Company will impose a charge for wheeling Qualifying Facility energy, measured at the point of delivery to the Company. The rates, terms, and conditions for such transmission service shall be those approved by the Federal Energy Regulatory Commission.

5) The Company's actual rates for providing transmission service will be determined on an individually negotiated case-by-case basis in order to allow for variations in providing such service under different circumstances. The Company will provide, upon request, estimates of the availability and cost and terms and conditions of providing the specified desired transmission wheeling service.

6) The Qualifying Facility shall be responsible for all costs associated with such wheeling and the Company will recover such costs from the Qualifying Facility including:

   a) Wheeling charges
   b) Line losses incurred by the Company
   c) Inadvertent energy flows resulting from such wheeling.

7) Energy delivered to the Company shall be adjusted before delivery to another utility as follows:

Qualifying Facility Rate Schedule	Adjustment Factor
RS, GS	0.9438
GSD, GSLD, SBF	0.9494
IS-1, IS-3, SBI-1, SBI-3	0.9814

8) The Company may deny, curtail, or discontinue transmission service to a Qualifying Facility on a non-discriminatory basis if the provision of such service would adversely affect the safety, adequacy, reliability, or cost of providing electric service to the Company's general body of retail and wholesale customers.

METHODOLOGY TO BE USED
IN THE CALCULATION OF
AVOIDED ENERGY COST
SCHEDULE COG-1
APPENDIX A

The methodology Tampa Electric (TEC) has implemented in order to determine the appropriate avoided energy costs and any payments thereof to be rendered to qualifying facilities (QFs) is consistent with the provisions of Order No. 23625 in Docket No. 891049-EU, issued on October 16, 1990, and with the Amendment of Rules 25-17.080 et seq, Florida Administrative Code.

The avoided energy costs methodology used to determine payments to Qualified Facilities (QFs) on an hourly basis is based on the incremental cost of fuel using the average price of replacement fuel purchased in excess of contract minimums and is further described in Exhibit #1. Generally, avoided energy costs are defined to include incremental fuel, identifiable variable operation and maintenance expenses, identifiable variable purchase power cost, and an adjustment for line losses reflecting delivery voltage.

Under normal conditions the Company will have additional generation resources available which can carry its native load and firm interchange sales without the QF's contribution. When this is the case and the QF is present, the incremental fuel portion of the avoided energy cost is equal to the difference between TEC's production cost at two load levels, with and without the QFs' contribution.

In those situations where the Company's available maximum generation resources not including its minimum spinning reserves are insufficient to carry its native load and firm interchange sales, in the absence of the QF contribution, TEC's incremental fuel component of the avoided energy cost will be determined by:

1) system lambda - if "off-system purchases" are not being made and all available generation has been dispatched; or

2) the highest incremental cost of any "off-system purchases" that are being made for native load.

Examples of these situations are found in Exhibits #3-#6.

Continued to Sheet No. 8.102

Continued from Sheet No. 8.101

The as-available avoided energy cost, as determined by this methodology, is priced at a level not to exceed Tampa Electric's incremental fuel and identifiable variable operating and maintenance (O&M) expenses including the cost of any off-system purchases for native load.

Parameters For Determining As-Available Avoided Energy Costs

Tampa Electric Company uses production costing methods for determining avoided energy cost payments to qualifying facilities (QFs). Computerized production costing is accomplished on an hourly basis. The parameters used are as follows:

1. The system load is the actual system load at the Hour Ending with the clock hour (HE).

2. The first allocation of load for production costing is to those units that are base loaded at a certain level for operating reasons. The remainder of the load is allocated to units available for economic dispatch through the use of incremental cost curves.

3. The fuel costs associated with each of Tampa Electric's units operating at its allocated level of generation is determined by using the individual units input/output equation, its heat rate performance factor, and the composite price of supplemental fuel.

4. The Company's own production cost for each hour of operation at a particular generation level equals the sum of the individual units' fuel cost for that hour. The production cost, thus determined, consists of the composite price of replacement fuel based on supplemental purchases and the incremental heat rate for the generating system.

5. The Company's total cost equals its own production cost (4. above), identified variable O&M, plus the cost of any off-system purchases to serve native load.

6. Native load includes all firm and non-firm retail load.

7. The cost of off-system firm and non-firm variable purchases is defined as the highest energy cost energy block purchased for native load during the hour; i.e., SCHEDULES A, B, C, D, X, J, UPP (Unit Power Purchase).

8. Firm interchange sales are included in production cost calculations.

Continued to Sheet No. 8.103

Continued from Sheet No. 8.102

9. The Company's available maximum generation resources in this methodology is defined as the maximum capacity less spinning reserve requirements.

10. The "Standard Tariff Block" is defined to be an x-megawatt (XMW) block equivalent to the combined actual hourly generation delivered to Tampa Electric from all QFs making as-available energy sales to Tampa Electric. In the absence of metered information on exports from a QF making as-available energy sales to Tampa Electric, an estimate of the hourly exports from that Facility will be used, rounded to the nearest 5 MW and then added to the sum of all other known as-available energy purchases for that hour.

Supplemental Fuel

The term "supplemental fuel" refers to that fuel purchased in excess of Tampa Electric's long-term contract minimum requirements. As illustrated in Exhibit #1, supplemental fuel can be composed of contract fuel purchases above minimums and fuel purchases on the spot market. When spot prices are lower than prices for minimum tonnages on long term contract purchases, spot prices are "supplemental." Under market conditions where spot prices are greater than the price of coal purchased under contract, it is economical for Tampa Electric to purchase more than the contract minimums. In this instance the supplemental price is a combination of the contract price of coal above minimum contract requirements and any coal purchased on the spot market. The company looks to the supplemental fuel for purposes of incremental pricing to determine the level of as-available energy payments because contract minimum purchases are a fixed expense.

Supplemental fuel is composed of contract fuel purchases above minimum levels and fuel purchases on the spot market. Tampa Electric pursues the least expensive alternative whether it be spot purchases or purchases of contract coal above the contract minimum, or a mixture of both. The supplemental fuel price is calculated by weight averaging all of the supplemental fuel purchases, by fuel type, during the preceding month. A Supplemental Fuel Cost Worksheet is shown in Exhibit #2.

With regard to oil-fired generation, Tampa Electric treats all of its oil purchases as supplemental fuel inasmuch as it has no contract minimums. For graphic portrayal of Tampa Electric's definition of supplemental fuel see Exhibit #1 attached.

Continued to Sheet No. 8.104

Continued from Sheet No. 8.103

Avoid Energy Cost Calculations

Example: #1 No Off-System Purchases, TEC's Generation Is Capable Of Carrying Its Native Load and Firm Sales.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis when no off-system purchases are taking place is as follows:

In these instances, the price per megawatt hour ($/MWH) that Tampa Electric will pay the QFs is determined by calculating the production cost at two load levels.

This first calculation determines TEC's production cost "without" the benefit of cogeneration.

The second calculation determines TEC's production cost "with" the benefit of cogeneration.

After each of the two calculations are made, the avoided energy cost rate is calculated by dividing the difference in production cost between the two calculations described above by the "Standard Tariff Block." [The "Standard Tariff Block" is defined to be an x-megawatt (XMW) block equivalent to the combined actual hourly generation delivered to TEC from all QFs making as-available energy sales to Tampa Electric. In the absence of metered information on exports from a QF making as-available energy sales to Tampa Electric an estimate of the hourly exports from that Facility will be used, rounded to the nearest 5 MWs and then added to the sum of the other as-available purchases for that hour. Prior to the in-service date of the appropriate designated avoided unit, firm energy sales will be equivalent to as-available sales. Beginning with the in-service date of the appropriate designated avoided unit, firm energy purchases from QFs shall be treated as "as-available" energy for the purposes of determining the XMW block size only during the periods that the appropriate designated avoided unit would not be operated.] The difference in production costs divided by the XMW block determines the As-Available Energy Payment Rate (AEPR) for the hour. The AEPR will be applied to the "Actual" QF megawatts purchased during the hour to determine payment to each QF supplying as-available energy, and each QF supplying firm energy in those instances where the avoided unit would not have been operated during the hour. See Exhibit #3 (Example #1).

Continued to Sheet No. 8.105

Continued from Sheet No. 8.104

Example #2 Off-System Purchases Are Not Being Made. TEC's Generation Can Only Carry Its Native Load and Firm Sales With The QF Contribution.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis whenever Tampa Electric is not purchasing off-system interchange is as follows:

In this instance, the avoided energy cost that Tampa Electric will pay the QFs will be determined by calculating the production cost at the last MW load level. The avoided energy cost is the production cost at system lambda. See Exhibit #4. (Example #2a)

In the situation where TEC's generation is not fully dispatched, and additional generation capability is available to price a portion of the QF block, then the QF block will be priced at a combination of the difference between TEC's production cost at two load levels as previously defined and at system lambda. See Exhibit #5. (Example #2b)

Example #3 Off-System Purchases Are Being Made To Serve Native Load.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis whenever Tampa Electric is making off-system purchases for native load is as follows:

In this instance, the price per MWH that Tampa Electric will pay is determined by applying the highest incremental cost of the off-system purchases to the QF block. See Exhibit #6. (Example #3)

Line Loss Credit

A credit for avoided line losses reflecting the voltage at which generation by the QFs is received is included in Tampa Electric's procedure for the determination of incremental avoided energy cost associated with as-available energy. Tampa Electric uses the loss factors used in the Fuel and Purchase Power Cost Recovery Clause for calculating the compensation for avoided line losses at the transmission and distribution system voltage levels based upon the appropriate classification of service.

Example: (Firm Standby Time-of-Day)

Continued to Sheet No. 8.106

Continued from Sheet No. 8.105

Actual Incremental Hourly Avoided Energy Cost is:
$14.80/MWH
Adjustment Factor for Line Losses:
1.0555

The Actual Incremental hourly avoided Energy Cost adjusted for avoided line losses associated with as-available energy provided to Tampa Electric would then become, in this example, $15.62/MWH.

"Identifiable" Incremental Variable O&M

A procedure for approximating the "identifiable" incremental variable O&M expenses is included in Tampa Electric's methodology for the determination of incremental avoided energy costs associated with as-available energy.

The calculation of the variable O&M expense component associated with as-available energy is made annually in accordance with a system that differentiates actual annual total O&M costs into estimates of both fixed and variable components. This procedure, developed by the Electric Power Research Institute, was published in their Technical Assessment Guide (TAG) Special Report, dated May 1982, (EPRI P-2410-SR).

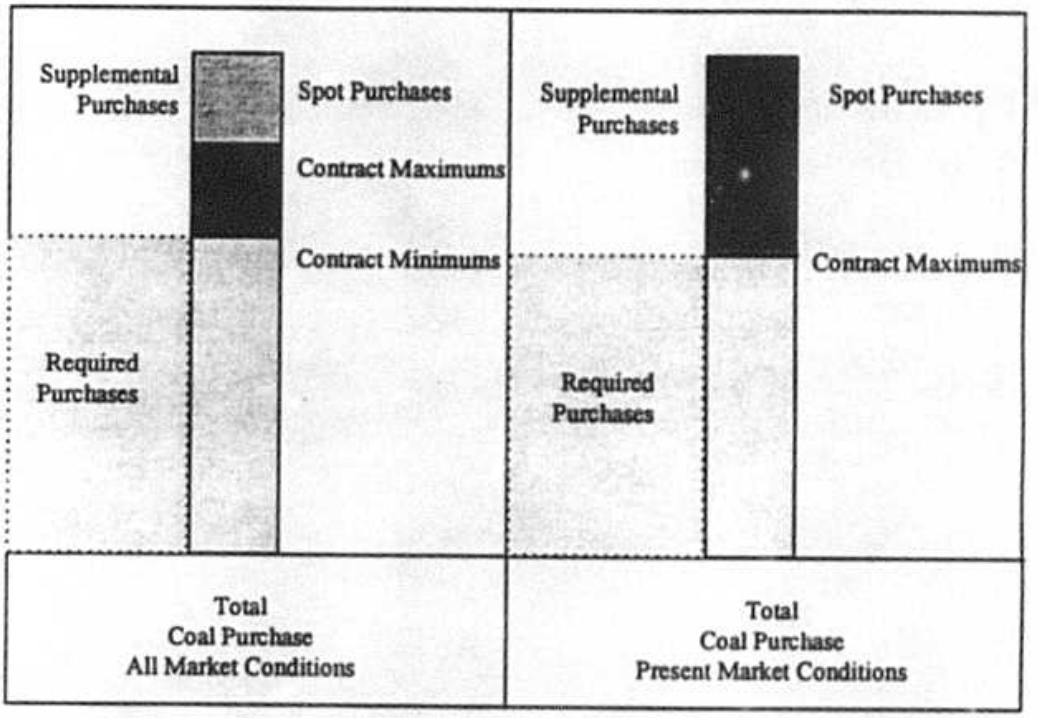
The EPRI-TAG assumptions provide an easily used and useful formula that approximates a fair payment for avoided variable O&M expenses. As such, it can be easily calculated and monitored using readily available information.
Once identified, based on the previous year's actual total O&M cost for coal-fired generation, the incremental avoided energy cost associated with as-available energy is adjusted to compensate for these variable expenses. (See Exhibit #7).

Continued to Sheet No. 8.107

Continued from Sheet No. 8.106

EXHIBIT #1

REQUIRED AND SUPPLEMENTAL COAL PURCHASES
UNDER DIFFERENT MARKET CONDITIONS



Continued to Sheet No. 8.108

Continued from Sheet No. 8.107

EXHIBIT #2

SUPPLEMENTAL FUEL COST WORKSHEET

Revised December 1988

UNITS DELIVERED	SUPPLIER C/MMBTU	SUPPLEMENTAL COAL COST $/TON	INCREMENTAL TRANS. COST $/TON	TOTAL $/TON	AUGUST AVERAGE BTU/LB	AUGUST AVERAGE C/MMBTU	AUGUST TONS	SUPPLEMENT FUEL COST
Gannon 1-4	A			$45.30				177.50
Gannon 5&6	B			$45.48				176.44
Big Bend 1&2	C			$29.22				123.13
	D			$31.67				
	E			$32.08				
			Average	$29.87				
Big Bend 3[1]	F			$50.55				173.67
			Blended Average	$42.28				
Big Bend 4	G			$41.70				181.31
	H			$37.21				
			Average	$41.11				
#2 Oil	I			$19.41/BBL				334.64

[1] Revised: Big Bend Unit #3 is burning a 60/40 blend of blend/standard coal.

Continued to Sheet No. 8.109

Continued from Sheet No. 8.108

EXHIBIT #3

Example #1 **No Off-System Purchases, TEC's Generation Is Capable Of Carrying Its Native Load and Firm Sales.**

Given:

Actual QF Energy = 50 MWs
TEC's Maximum Available Generation = 1560 MWs
Native Load = 1550 MWs
Firm Sales = 10 MWs

First Calculation ("WITHOUT" QF):

Production Cost at 1560 MWs = $20,275/Hour

Second Calculation ("WITH" QF):

Production Cost at 1510 MWs = $19,500/Hour

Third Calculation (QF Rate $/MWH):

Actual Hourly Avoided Energy Cost =
($20,275/Hour - $19,500/Hour) / (50MW)

or

As-Available Energy Payment Rate (AEPR) = $15.50/MWH

Continued to Sheet No. 8.110

Continued from Sheet No. 8.109

EXHIBIT #4

Example #2a **Off-System Purchases Are Not Being Made. TEC's Generation Can Carry Its Native Load and Firm Sales Only With The QF Contribution.**

Given:

Actual QF Energy = 50 MWs
TEC's Maximum Available Generation = 1460 MWs
Native Load = 1500 MWs
Firm Sale = 10 MWs

First Calculation:

Production Cost at 1460 MWs = $18,900/Hour

Second Calculation:

Production Cost at 1459 MWs = $18,882.50/Hour

Third Calculation (QF Rate $/MWH):

Actual Hourly Avoided Energy Cost at 1 MW (System Lambda[1]) =
($18,900/Hour - $18,882.50/Hour) / (1 MW)

or

As-Available Energy Payment Rate (AEPR) = $17.50/MWH

NOTE:

[1] In this example, System Lambda is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

Continued to Sheet No. 8.111

Continued from Sheet No. 8.110

EXHIBIT #5

Example #2b **Off-System Purchases Are Not Being Made to Serve Native Load and Firm Sales. Available Generation Capacity Is Not Fully Dispatched. Without the QF's Contribution, TEC's Native Load and Firm Sales Can Be Carried Only With Additional Power Purchases.**

Given:

Actual QF Energy = 50 MWs
TEC's Maximum Available Generation = 1530 MWs
TEC's Actual Generation = 1500 MWs
Native Load = 1540 MWs
Firm Sale = 10 MWs

Step 1 (Calculations for First 30 MWs)

First Calculation ("WITHOUT" QF):
Production Cost at 1530 MWs = $20,590/Hour
Second Calculation ("With" QF):
Production Cost at 1500 MWs = $20,050/Hour
Third Calculation:
Actual Hourly Avoided Energy Cost at 30 MWs =
($20,590/Hour) - ($20,050/Hour) = $540/Hour

Step 2 (Calculations for Remaining 20 MWs)

First Calculation:
Production Cost at 1530 MWs = $20,590/Hour
Second Calculation:
Production Cost at 1529 MWs = $20,571.50/Hour
Third Calculation:
Actual Hourly Avoided Energy Cost at 1 MW (System Lambda[1]) for 20 MWs =
($20,590/Hour - $20,571.50/Hour) X (20 MWs) = $370/Hour

Step 3 (Calculation of Composite Rate for Total 50 MW Block)

Composite Actual Hourly Avoided Energy Cost of 50 MW Block =
$540 + $370 / 50 MW

or

As-Available Energy Payment Rate (AEPR) = $18.20/MWH

NOTE:

[1] In this example, System Lambda is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

Continued to Sheet No. 8.112

Continued from Sheet No. 8.111

EXHIBIT #6

Example #3 **Off-System Purchases Are Being Made, TEC's Native Load and Firm Sales Can Be Carried Only With Additional Purchase Power**

Given:

Actual QF Energy = 50 MWs
TEC's Maximum Available Generation = 1500 MWs
TEC's Actual Generation = 1500 MWs
Native Load = 1540 MWs
Firm Sales = 20 MWs
Off-System Purchases[1] = 10 MWs Costing $400/Hour

Actual Incremental Hourly Avoided Energy Cost = $400 / 10 MW

or

AEPR = $40/Hour

NOTE:

[1] Off-System Purchase shall be the highest cost purchased energy block bought during the hour for native load.

Continued to Sheet No. 8.113

Continued from Sheet No. 8.112

EXHIBIT #7

The calculation of the variable O&M cost adjustment factor associated with as available energy is made once each year, based on the previous year's actual total O&M cost for coal-fired generation, in accordance with the procedure found in the Technical Assessment Guide dated May 1982, published by the Electric Power Research Institute (EPRI P-2410-SR). The formula assumes the fixed portion of total annual O&M dollars equals the capacity factor (%) times the total annual O&M dollars. The variable portion is (1 - capacity factor) times the total annual O&M dollars. The capacity factor is based on the total period hours less those hours the units are off line due to economic dispatch for low load periods. Continuing the logic further, the adjustment factor to be added to the avoided energy cost equals the variable rate as determined annually and applied in the form of an hourly adjustment to the actual incremental hourly avoided energy cost.

Example Given:	1983 TEC Coal Generation	MW	
1) Big Bend	1	367	
	2	362	
	3	375	
	3	10	upgrade
Gannon	5	218	
	6	351	
	4	169	conversion

MW available per unit from net generation listed in the System Data Book for the same time period:

2) Coal Generation 1983 = 10,493,266 MWH
3) O&M for coal 1983 = $35,320,252

Continued to Sheet No. 8.114

Continued from Sheet No. 8.113

EXHIBIT #7 - continued

ESTIMATED
1983 VARIABLE O&M RATE CALCULATION

		(MW)		(Hours)	(MWH)
Big Bend	1	367	@	8760	3,214,920
	2	362	@	8760	3,171,120
	3	375	@	8760	3,285,000
Upgrade	3	10	@	2208	22,080
Gannon	5	218	@	8760	1,909,680
	6	351	@	8760	3,074,760
Conversion to Coal	4	169	@	2208	373,152
TOTAL					15,050,712
Generation (1983 Actual for Coal)					10,493,266

Average Coal Capacity Factor = $\frac{10,493,266}{15,050,712}$ X 100%

= 69.72%

Total O&M for Coal = $35,320,252

Variable Component = $35,320,252 X (1 - .6972)

= $10,694,972

Estimated Variable O&M Cost[1] = $\frac{10,694,772}{10,493,266}$ = $1.02/MWH

1 Was added to 1984's actual incremental hourly avoided energy cost, after approval by the FPSC.

STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM SMALL QUALIFYING FACILITIES OR MUNICIPAL SOLID WASTE FACILITIES

SCHEDULE: COG-2, Firm Capacity and Energy

AVAILABLE: Tampa Electric Company, herein after referred to as the "Company," will purchase Firm Capacity and Energy offered by any qualifying facility or municipal solid waste facility to which a Standard Offer Contract is available under Florida Public Service Commission (FPSC) Rule 25-17.0832(4)(a), Florida Administrative Code (F.A.C.). Unless specifically referred to, small "qualifying facilities" and "municipal solid waste facilities" may jointly be referred to as "qfs." The Company has designated a 180 megawatt (MW) (winter rating) natural gas fired combustion turbine generating unit with an in-service date of January 1, 2001, as its next Designated Avoided Unit. Until such time as the Designated Avoided Unit subscription limits have been fully and acceptably subscribed or the term of the Company's Standard Offer Contract has expired, the Company will accept Firm Capacity and Energy offered by qf under the provisions of this schedule.

The Company will negotiate and may contract with any qualifying facility as defined in FPSC Rule 25-17.080, F.A.C., irrespective of its location, which is either directly or indirectly interconnected with the Company, for the purchase of Firm Capacity and Energy pursuant to terms and conditions which deviate from this schedule where such negotiated contracts are in the best interest of the Company's ratepayers.

APPLICABLE: To any qf to which Standard Offer Contracts are available under FPSC Rule 25-17.0832(4)(a), F.A.C., irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's Standard Offer Contract or a separately negotiated contract.

Continued to Sheet No. 8.205

Continued from Sheet No. 8.200

Firm Capacity and Energy are described in FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a qf pursuant to a negotiated or Standard Offer Contract and subject to certain contractual provisions as to quantity, time and reliability of delivery. Criteria for achieving qualifying facility or municipal solid waste facility status shall be those set out in FPSC Rules 25-17.080, 25-17.082(4)(a), and 25-17.091, F.A.C., as applicable.

CHARACTER OF SERVICE: Purchases within the territory served by the Company shall be, at the option of the Company, single or three phase, 60 Hertz, alternating current at any available standard Company voltage. Purchases from outside the territory served by the Company shall be three phase, 60 Hertz, alternating current at the voltage level available at the interchange point between the Company and the entity delivering Firm Capacity and Energy from the qualifying facility or municipal solid waste facility.

LIMITATIONS: Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System," "NERC Planning Standards," September 1997, [Copyright @ 1997 by the North American Electric Reliability Council] that are applicable to generation and transmission facilities which are connected to, or being planned to be connected to the Company's transmission system (document provided upon request) and to FPSC Rules 25-17.080 through 25-17.091, F.A.C. and are limited to those qfs which are defined by FPSC Rule 25-17.082(4)(a), F.A.C. and which:

1. execute a Company Standard Offer Contract by the closure of the open-season and evaluation period defined herein, for the Company's purchase of Firm Capacity and Energy; and

2. commit to commence deliveries of Firm Capacity and Energy no later than January 1, 2001, and to continue such deliveries through at least December 31, 2010; and

3. provide capacity which would not result in the Company's 180 MW subscription limit on capacity being exceeded.

RATES FOR PURCHASES BY THE COMPANY: Firm Capacity and Energy are purchased at unit costs, in dollars per kilowatt per month ($/kW/month) and cents per kilowatt-hour (¢/kWh), respectively, based on the value of deferring additional Company generating capacity.

Continued to Sheet No. 8.210

Continued from Sheet No. 8.205

For the purpose of this schedule, the Avoided Unit has been designated by the Company as a 180 MW combustion turbine generating unit with an in-service date of January 1, 2001. Appendix A of this schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's Standard Offer Contract pursuant to FPSC Rules 25-17.080 through 25-17.091, F.A.C.

1. Firm Capacity Rates: Four options (i.e. Options 1, 2, 3, and 4, as set forth below) are available for payment of Firm Capacity which is produced by the qf and delivered to the Company. Once selected, the selected option shall remain in effect for the term of the contract with the Company. Exemplary payment schedules, shown on sheets following this section, contain the monthly rate per kilowatt (kW) of Firm Capacity the qf has contractually committed to deliver to the Company and are based on a minimum contract term which extends ten (10) years beyond the in-service date of the Designated Avoided Unit (i.e., through December 31, 2010). Payment schedules for longer contract terms will be made available to a qf upon request and may be calculated based on the methodologies described in Appendix A. At a maximum, Firm Capacity and Energy shall be delivered for a period of time equal to the anticipated plant life of the Designated Avoided Unit, commencing with the in-service date of the Designated Avoided Unit.

Option 1 - Value of Deferral Capacity Payments: Value of Deferral Capacity Payments shall commence on January 1, 2001, the in-service date of the Designated Avoided Unit, provided the qf is delivering Firm Capacity and Energy to the Company in accordance with the Minimum Performance Standards (MPS) as described in Appendix C. Capacity payments under this option shall consist of monthly payments, escalating annually of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit and shall be equal to the value of the year-by-year deferral of the Designated Avoided Unit, calculated in conformance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A.

Continued to Sheet No. 8.215

Continued from Sheet No. 8.210

Option 2 - Early Capacity Payments: Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit with an in-service date of January 1, 2001. The earliest date that Early Capacity Payments can be received by a qf shall be the execution date of the Standard Offer Contract as provided in the Company's tariff. This is an approximation of the lead time required to site and construct the Designated Avoided Unit. The qf shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start. Early Capacity Payments shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit. Avoided Capacity Payments shall be calculated in conformance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A. At the option of the qf, Early Capacity Payments may commence at any time after the specified earliest capacity payment date and before the in-service date of the Designated Avoided Unit provided the qf is delivering Firm Capacity and Energy to the Company in accordance with the Minimum Performance Standards as described in Appendix C. Where Early Capacity Payments are elected, the cumulative present value of the capacity paid to the qf over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the qf had such payments been made pursuant to Option 1.

Option 3 - Levelized Capacity Payments: Levelized Capacity Payments shall commence on January 1, 2001, the in-service date of the Designated Avoided Unit, provided the qf is delivering Firm Capacity and Energy to the Company in accordance with the Minimum Performance Standards as described in Appendix C. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A. The fixed operation and maintenance expense portion of the capacity payment shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expenses associated with the Designated Avoided Unit calculated in conformance with Appendix A. Where Levelized Capacity Payments are elected, the cumulative present value of the capacity paid to the qf over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the qf had such payments been made pursuant to Option 1.

Continued to Sheet No. 8.220

Continued from Sheet No. 8.215

Option 4 - Early Levelized Capacity Payments: Early Levelized Capacity Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit with an in-service date of January 1, 2001. The earliest date that Early Levelized Capacity Payments can be received by a qf shall be the execution date of this agreement. This is an approximation of the lead time required to site and construct the Designated Avoided Unit. The capital portion of the capacity payment under this Option shall consist of equal monthly payments over the term of the contract, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A. The fixed operation and maintenance expense portion of the capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expenses associated with the Designated Avoided Unit calculated in conformance with Appendix A. At the option of the qf, Early Levelized Capacity Payments shall commence at any time after the specified earliest capacity payment date and before the in-service date of the Designated Avoided Unit provided the qf is delivering Firm Capacity and Energy to the Company in accordance with the Minimum Performance Standards as described in Appendix C. The qf shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start. Where Early Levelized Capacity Payments are elected, the cumulative present value of the capacity payments paid to the qf over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the qf had such payments been made pursuant to Option 1.

The Company will provide the qf with a schedule of capacity payment rates based on the month and year in which the delivery of Firm Capacity and Energy are to commence and the term of the contract. The following exemplary payment schedules are based on the minimum required contract term which must extend at least ten (10) years beyond the in-service date of the Designated Avoided Unit. The currently approved parameters used to calculate the following schedule of payments are found in Appendix B of this schedule.

Continued to Sheet No. 8.225

Continued from Sheet No. 8.220

UNIT TYPE: 180 MW (Winter Rating) COMBUSTION TURBINE (IN-SERVICE 1/1/2001)
MONTHLY CAPACITY PAYMENT RATE $/kW/MONTH

CONTRACT YEAR FROM	TO	OPTION 1 NORMAL PAYMENT STARTING 1/1/2001 $/kW/MO	OPTION 2 EARLY PAYMENT STARTING 1/1/2000 $/kW/MO	1/1/1999 $/kW/MO	OPTION 3 LEVELIZED PAYMENT STARTING 1/1/2001 $/kW/MO	OPTION 4 EARLY LEVELIZED PAYMENT STARTING 1/1/2000 $/kW/MO	1/1/1999 $/kW/MO
1/1/01	12/31/01	-	-	2.44	-	-	2.67
1/1/02	12/31/02	-	2.83	2.50	-	3.09	2.70
1/1/03	12/31/03	3.30	2.89	2.56	3.59	3.10	2.70
1/1/04	12/31/04	3.38	2.96	2.62	3.60	3.11	2.71
1/1/05	12/31/05	3.46	3.04	2.68	3.61	3.12	2.72
1/1/06	12/31/06	3.55	3.11	2.75	3.61	3.13	2.72
1/1/07	12/31/07	3.63	3.19	2.81	3.62	3.13	2.73
1/1/08	12/31/08	3.72	3.26	2.88	3.63	3.14	2.74
1/1/09	12/31/09	3.81	3.34	2.95	3.64	3.15	2.75
1/1/10	12/31/10	3.91	3.42	3.02	3.65	3.16	2.75
1/1/11	12/31/11	4.00	3.51	3.10	3.66	3.17	2.76
1/1/12	12/31/12	4.10	3.59	3.17	3.67	3.18	2.77

2. **Energy Payment Rates:**

a. **Payments Prior to January 1, 2001**: The As-Available Energy Payment Rate in ¢/kWh will apply and shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable variable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage.

Continued to Sheet No. 8.230

Continued from Sheet No. 8.225

The calculation of energy payments to the qf shall be based on the sum, over all hours of the Monthly Period, of the product of each hour's Energy Payment Rate times the energy purchased from the qf by the Company for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

The methodology to be used in the calculation of the avoided energy costs is described in Appendix D.

b. Payments Starting on January 1, 2001: To the extent that the Designated Avoided Unit is dispatched by the Company and operates, the Unit Energy Payment Rate in ¢/kWh will apply and shall be based on the Designated Avoided Unit's energy cost (fuel and variable operation and maintenance expense). Otherwise, when not dispatched by the Company the As-Available Energy Payment Rate will apply to the qf when operating will be based on the Company's actual hourly avoided energy cost.

Calculation of energy payments to the qf shall be based on the sum, over all hours of the Monthly Period, of the product of each hour's Energy Payment Rate times the energy purchased from the qf by the Company for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

The methodology to be used in the calculation of the avoided energy costs is described in Appendix D.

Continued to Sheet No. 8.235

Continued from Sheet No. 8.230

PERFORMANCE CRITERIA: In addition to the following provisions, payments for Firm Capacity are conditioned on the qf's ability to meet or exceed the Minimum Performance Standards (MPS) for the Company's Designated Avoided Unit as described in Appendix C:

1. **QF's Commercial In-Service Date:** Capacity Payments shall not commence until the qf has attained and demonstrated commercial in-service status. The Commercial In-Service Date of a qf shall be defined as the first day of the month following the successful completion by the qf of maintaining an hourly kW output for a 24 hour period, as metered at the point of interconnection with the Company, equal to or greater than the qf's "Contracted Capacity" as designated in the Standard Offer Contract. A qf shall coordinate the operation of its facility during this test period with the Company to insure that the performance of its facility during this 24 hour period is reflective of the anticipated day to day operation of the qf.

Continued to Sheet No. 8.240

Continued from Sheet No. 8.235

2. **Monthly Availability and Monthly Capacity Factor:** Upon achieving commercial in-service status, payments for Firm Capacity shall be made monthly in accordance with the capacity payment rate option selected by the qf and subject to the provision that the qf equals or exceeds the MPS for Monthly Availability and Monthly Capacity Factor of the Company's Designated Avoided Unit, as defined in Appendix C of this schedule.

3. **QF's Obligation if QF Receives Early, Levelized, or Early Levelized Capacity Payments:** The qf's payment option choice pursuant to Paragraph 4.b.iii of the Company's Standard Offer Contract may result in payments made by the Company for capacity delivered prior to January 1, 2001. Similarly, Levelized and Early-Levelized Capacity Payments for capacity delivered on or after January 1, 2001, may also exceed the year-by-year value of deferring the Designated Avoided Unit as specified in this Agreement. The parties recognize that capacity payments that exceed the year-by-year value of deferring the avoided unit may have to be repaid by the qf in the event the qf fails to perform pursuant to the terms and conditions of the Company's Standard Offer Contract.

To ensure that the qf will satisfy its obligation to make any repayment to the Company, the following provisions will apply:

The Company shall establish a Repayment Account to accrue the sum of the capacity payments that may have to be repaid by the qf to the Company. Amounts shall be added to the Repayment Account each month through December 2000, in the amount of the Company's early capacity payments made to the qf pursuant to the qf's chosen payment option.

Continued to Sheet No. 8.245

Continued from Sheet No. 8.240

Beginning on January 1, 2001, the difference between the capacity payment made to the qf and the "normal" capacity payment calculated pursuant to Option 1 will also be added each month to the Repayment Account, so long as the payment to the qf is greater than the monthly payment the qf would have received if it had selected Option 1 in Paragraph 4.b.iii, of the Company's Standard Offer Contract.

Also beginning on January 1, 2001, at such time that the monthly capacity payment made to the qf, pursuant to the Repayment Payment Option selected, is less than the "normal" monthly capacity payment in Option 1, there shall be debited from the Repayment Account an Early Payment Offset Amount to reduce the balance in the Repayment Account. Such Early Payment Offset Amount shall be equal to the amount which the Company would have paid for capacity in that month if capacity payments had been calculated pursuant to Option 1 and the qf had elected to begin receiving capacity payments on January 1, 2001 minus the monthly capacity payment the Company makes to the qf (assuming the MPS are met or exceeded), pursuant to the Capacity Payment Option chosen by the qf. Monthly Capacity Payments will not be made to the qf for any month the qf fails to meet the MPS and if applicable, a payment will be required by the qf to the Company in an amount equal to the Early Payment Offset for that month. In the event a payment is required from the qf to the Company, the qf's Repayment Account will be reduced by the amount of such payment provided that any such payment will not exceed the current balance in the Repayment Account.

The qf shall owe the Company and be liable for the current balance in the Repayment Account. The annual balance in the Repayment Account shall accrue interest at an annual rate of 9.37%. The Company agrees to notify the qf monthly as to the current Repayment Account balance.

In the event of default by the qf, the total Repayment Account balance shall become due and payable within twenty (20) business days of receipt of written notice, as reimbursement for the early capacity payments made to the qf by the Company.

Continued to Sheet No. 8.250

Continued from Sheet No. 8.245

The qf's obligation to reimburse the Company in the amount of the balance in the Repayment Account shall survive the termination of the qf's Standard Offer Contract with the Company. Such reimbursement shall not be construed to constitute liquidated damages and shall in no way limit the right of the Company to pursue all its remedies at law or in equity against the qf.

Prior to receipt of Early, Levelized, or Early-Levelized Capacity Payments the qf shall secure its obligation to repay any balance in the Repayment Account in the event the qf defaults under the terms of its Standard Offer Contract with the Company.

Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the qf; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event of default by the qf.

Florida Statute 377.709(4) requires a local government to refund early capacity payments should a municipal solid waste facility owned, operated by or on the behalf of the local government be abandoned, closed down or rendered illegal. Therefore a utility may not require risk-related guarantees from a municipal solid waste facility as required in FPSC Rule 25-17.0832 (2)(c) and (3)(e)(8), F. A. C. However, at its option, a municipal solid waste facility may provide such risk-related guarantees.

4. <u>Additional Criteria:</u>

a. The qf shall provide monthly generation estimates by April 1 for the next calendar year; and

b. The qf shall promptly update its yearly generation schedule when any changes are determined necessary; and

Continued to Sheet No. 8.255

Continued from Sheet No. 8.245

The qf's obligation to reimburse the Company in the amount of the balance in the Repayment Account shall survive the termination of the qf's Standard Offer Contract with the Company. Such reimbursement shall not be construed to constitute liquidated damages and shall in no way limit the right of the Company to pursue all its remedies at law or in equity against the qf.

Prior to receipt of Early, Levelized, or Early-Levelized Capacity Payments the qf shall secure its obligation to repay any balance in the Repayment Account in the event the qf defaults under the terms of its Standard Offer Contract with the Company.

Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the qf; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event of default by the qf.

Florida Statute 377.709(4) requires a local government to refund early capacity payments should a municipal solid waste facility owned, operated by or on the behalf of the local government be abandoned, closed down or rendered illegal. Therefore a utility may not require risk-related guarantees from a municipal solid waste facility as required in FPSC Rule 25-17.0832 (2)(c) and (3)(e)(8), F. A. C. However, at its option, a municipal solid waste facility may provide such risk-related guarantees.

4. Additional Criteria:

a. The qf shall provide monthly generation estimates by April 1 for the next calendar year; and

b. The qf shall promptly update its yearly generation schedule when any changes are determined necessary; and

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.255

Continued from Sheet No. 8.250

c. The qf shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and

d. The qf shall coordinate scheduled outages with the Company; and

e. The qf shall comply with the reasonable requests of the Company regarding daily or hourly communications.

DELIVERY VOLTAGE ADJUSTMENT: Energy Payments to qfs within the Company's service territory shall be adjusted according to the delivery voltage by the following multipliers:

Rate Schedule	Adjustment Factor
RS, GS	1.0616
GSD, GSLD, SBF	1.0561
IS-1, IS-3	1.0254
SBI-1, SBI-3	1.0254

METERING REQUIREMENTS: Qfs within the territory served by the Company shall be required to purchase from the Company the necessary hourly recording meters to measure their energy production. Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period. Energy purchases from qfs outside the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering Firm Capacity and Energy to the Company.

Continued to Sheet No. 8.260

Continued from Sheet No. 8.255

BILLING OPTIONS: The qf upon entering into a contract for the sale of Firm Capacity and Energy or prior to delivery of As-Available Energy to the Company shall elect to make either simultaneous purchases from the interconnecting utility and sales to the Company or net sales to the Company. The billing option elected may only be changed:

1. when the qf selling As-Available Energy enters into a negotiated contract or standard offer contract for the sale of Firm Capacity and Energy; or

2. when a Firm Capacity and Energy contract expires or is lawfully terminated by either the qf, or the Company; or

3. when the qf is selling As-Available Energy and has not changed billing methods within the last twelve months; and

4. when the election to change billing methods will not contravene the provisions of FPSC Rule 25-17.0832, F.A.C., or any contract between the qf and the Company.

If the qf elects to change billing methods in accordance with FPSC Rule 25-17.082, F.A.C., such a change shall be subject to the following provisions:

1. upon at least thirty (30) days advance written notice to the Company; and

2. upon the installation by the Company of any additional metering equipment reasonably required to effect the change in billing methodology and upon payment by the qf for such metering equipment and its installation; and

3. upon completion and approval by the Company of any alterations to the interconnection reasonably required to effect the change in billing methodology and upon payment by the qf for such alterations.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.265

Continued from Sheet No. 8.260

Should a qf elect to make simultaneous purchases and sales, purchases of electric service by the qf from the interconnecting utility shall be billed at the retail rate schedule under which the qf load would receive service as a non-generating customer of the utility; sales of electricity delivered by the qf to the purchasing utility shall be purchased at the utilities avoided capacity and energy rates, where applicable, in accordance with FPSC Rules 25-17.0825 and 25-17.0832, F.A.C.

Should a qf elect a net billing arrangement, the hourly net capacity and energy sales delivered to the purchasing utility shall be purchased at the utility's avoided capacity and energy rates, where applicable, in accordance with FPSC Rules 25-17.0825 and 25-17.0832, F.A.C. Purchases from the interconnecting utility shall be billed pursuant to the utility's applicable standby service or supplemental service rate schedules.

Under the net sales billing option, the qf may commit Firm Capacity to the Company's system. Committed capacity is described in the Standard Offer Contract. For the net sales billing option, the committed capacity is additional to internal use, and the rates for purchase, and the performance criteria apply only to the power delivered to the Company. Although a billing option may be changed in accordance with FPSC Rule 25-17.082, F.A.C., the Contracted Capacity may only change through mutual negotiations satisfactory to the qf and the Company.

Customer charges that are directly attributable to the purchase of Firm Capacity and Energy from the qf are deducted from the qf's total monthly payment. A statement covering the charges and payments due the qf is rendered monthly and payment normally is made by the twentieth (20th) business day following the end of the Monthly Period.

CHARGES/CREDITS TO THE QF:

1. **Customer Charges:** A monthly Customer Charge will be rendered for maintaining an account for a qf engaged in either an As-Available Energy or Firm Capacity and Energy transaction and for other applicable administrative costs. Actual charges will depend on how the qf is interconnected to the Company.

Qfs not directly interconnected to the Company, will be billed $580 monthly as a Customer Charge.

Continued to Sheet No. 8.270

Continued from Sheet No. 8.265

Monthly customer charges, applicable to qfs directly interconnected to the Company, by Rate Schedule are:

Rate Schedule	Customer Charge	Rate Schedule	Customer Charge
RS	$ 8.50	RST	$ 11.50
GS	8.50	GST	11.50
GSD	42.00	GSDT	49.00
GSLD	255.00	GSLDT	255.00
SBF	280.00	SBFT	280.00
IS-1	1,000.00	IST-1	1,000.00
IS-3	1,000.00	IST-3	1,000.00
SBI-1	1,025.00	SBIT-1	1,025.00
SBI-3	1,025.00	SBIT-3	1,025.00

When appropriate, the Customer Charge will be deducted from the qf's monthly payment. A statement of the charges or payments due the qf will be rendered monthly. Payment normally will be made by the twentieth (20th) business day following the end of the billing period.

2. Interconnection Charge for Non-Variable Utility Expenses: The qf shall bear the cost required for interconnection including the metering. The qf shall have the option of payment in full for interconnection or make equal monthly installment payments over a thirty-six (36) month period together with interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate to be determined by the Company thirty (30) days prior to the date of each payment.

3. Interconnection Charge for Variable Utility Expenses: The qf shall be billed monthly for the cost of variable utility expenses associated with the operation and maintenance of the interconnection. These costs include a) the Company's inspections of the interconnection and b) maintenance of any equipment beyond that which would be required to provide normal electric service to the qf with respect to other Customers with similar load characteristics.

4. Taxes and Assessments: The qf shall be billed monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its purchases of Firm Capacity and Energy produced by the qf.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.275

Continued from Sheet No. 8.270

If the Company obtains any tax savings as a result of its purchases of Firm Capacity and Energy produced by the qf, which tax savings would not have otherwise been obtained, those tax savings shall be credited to the qf.

5. **Emission Allowance Clause:** Subject to approval by the FPSC, the qf shall receive a monthly credit, to the extent the Company can identify the same, equal to the value, if any, of any reduction in the number of air emission allowances used by the Company as a result of its purchase of Firm Capacity and Energy produced by the qf; provided that no such credit shall be given if the cost of compliance associated with air emission standards is included in the determination of full avoided cost.

TERMS OF SERVICE:

1. It shall be the qf's responsibility to inform the Company of any change in its electric generation capability.

2. Any electric service delivered by the Company to the qf shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.

3. A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:

   a. In the first year of operation, the security deposit should be based upon the singular month in which the qf's projected purchases from the utility exceed, by the greatest amount, the utility's estimated purchases from the qf. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit should be required upon interconnection.

Continued to Sheet No. 8.280

Continued from Sheet No. 8.275

b. For each year thereafter, a review of the actual sales and purchases between the qf and the utility shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the qf exceed the actual sales to the utility in that month.

4. The Company shall specify the point of interconnection and voltage level.

5. The Company will, under the provisions of this Schedule, require an agreement with the qf upon the Company's filed Standard Offer Contract and Interconnection Agreement. The qf shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated and may require modifications to the Company's General Standards for Safety and Interconnection where applicable.

6. Service under this rate schedule is subject to the rules and regulations of the Company and the FPSC.

SPECIAL PROVISIONS:

1. Negotiated contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the FPSC.

2. In accordance with the provision in FPSC Rule 25-17.0883, F.A.C., the Company is required to provide transmission and distribution service to enable a retail customer to transmit electrical power generated at one location to the customer's facilities at another location when provision of such service and its associated charges, terms, and other conditions are not reasonably projected to result in higher cost of electric service to the Company's general body of retail and wholesale Customers or adversely affect the adequacy or reliability of electric service to all Customers.

A determination of whether or not such service is likely to result in higher cost electric service will be made by evaluating the results of an appropriately adjusted FPSC approved cost effectiveness methodology, in addition to other modeling analyses.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.285

Continued from Sheet No. 8.280

3. In accordance with FPSC Rule 25-17.089, F.A.C., upon request by a qf, the Company shall provide transmission service in accordance with its Open Access Transmission Tariff to wheel As-Available Energy or Firm Capacity and Energy produced by a qf from the qf to another electric utility.

4. The rates, terms, and conditions for any transmission and ancillary services provide to a qf shall be those approved by the Federal Energy Regulatory Commission (FERC) and contained in the Company's Open Access Transmission Tariff.

5. A qf may apply for transmission and ancillary services from the Company in accordance with the Company's Open Access Transmission Tariff. Requests for service must be submitted on the Company's Open Access Same-Time Information System ("OASIS"). The Company's contact person, phone number and address is posted and updated on the OASIS and can be viewed by the public on the Internet at the address: http://www.enx.com/FOA_Contacts.html. A copy of the Company's Open Access Transmission Tariff is also posted at the address: http://www.enx.com/FOA/teco_home.html.

6. If the qf is located outside of the Company's transmission area, then the qf must arrange for long term firm third-party transmission, ancillary services and an interconnection agreement on all necessary external transmission paths for the term of the contract.

PROCEDURE FOR PROCESSING STANDARD OFFER CONTRACTS: The Company's Standard Offer Contract will become available for subscription during a 2-week open-season period which will commence on the final effective date of the Standard Offer Contract, as approved by the FPSC.

The Company will only "receive" Standard Offer Contracts during a 2-week open-season period. All Standard Offer Contracts delivered to the Company during a 2-week open-season period will be considered to have been "received" on the final day of the period.

Continued to Sheet No. 8.290

Continued from Sheet No. 8.285

Within 60 days of the receipt of a signed Standard Offer Contract (60 days from the expiration of a 2-week open-season period), the Company shall either accept and sign the Standard Offer Contract and return it within 5 days to the qf or petition the Commission not to accept the Standard Offer Contract and provide justification for the refusal.

The Company's 2-week open-season period will be defined as the ten (10) successive business days beginning on the final effective date of the Company's Standard Offer Contract. On the tenth (10th) business day, the initial 2-week open-season period will expire at the close of business, 5 PM Eastern Prevailing Time (EPT). All Standard Offer Contracts received during the initial 2-week open-season period will be given equal consideration and each will be reviewed in accordance with the Company's Evaluation Procedure for Standard Offer Contracts. The criteria and procedure used to evaluate Standard Offer Contracts are attached to the Standard Offer Contract as Appendix C.

Each delivered Standard Offer Contract should be clearly labeled "Standard Offer Contract" and shall only be received at the Company's main business address:

Tampa Electric Company
TECO Plaza 4
c/o Manager - Industrial/Governmental Marketing & Sales
702 North Franklin Street (33602)
P. O. Box 111
Tampa, Florida 33601

Certified mail will be the preferred means of Standard Offer Contract delivery. Any Standard Offer Contracts delivered following the expiration of the 2-week open-season will not be considered eligible and will be promptly returned.

Each eligible Standard Offer Contract received during the initial 2-week open-season period, will be evaluated as to its technical reliability, viability and financial stability, as well as other relevant information, in accordance with FPSC Rule 25-17.0832, F.A.C.

Each of the eligible Standard Offer Contracts will be prioritized following the evaluation process. The Company will select and accept Standard Offer Contracts, after the evaluation process, which have convincingly demonstrated that their project is financially and technically viable and that the committed capacity and energy would be available by the date specified in the Standard Offer Contract.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.295

Continued from Sheet No. 8.290

The Company will accept successive Standard Offer Contracts, beginning with the Standard Offer Contract with the highest priority, until further acceptance of a Standard Offer Contract would cause the subscription limit to be exceeded.

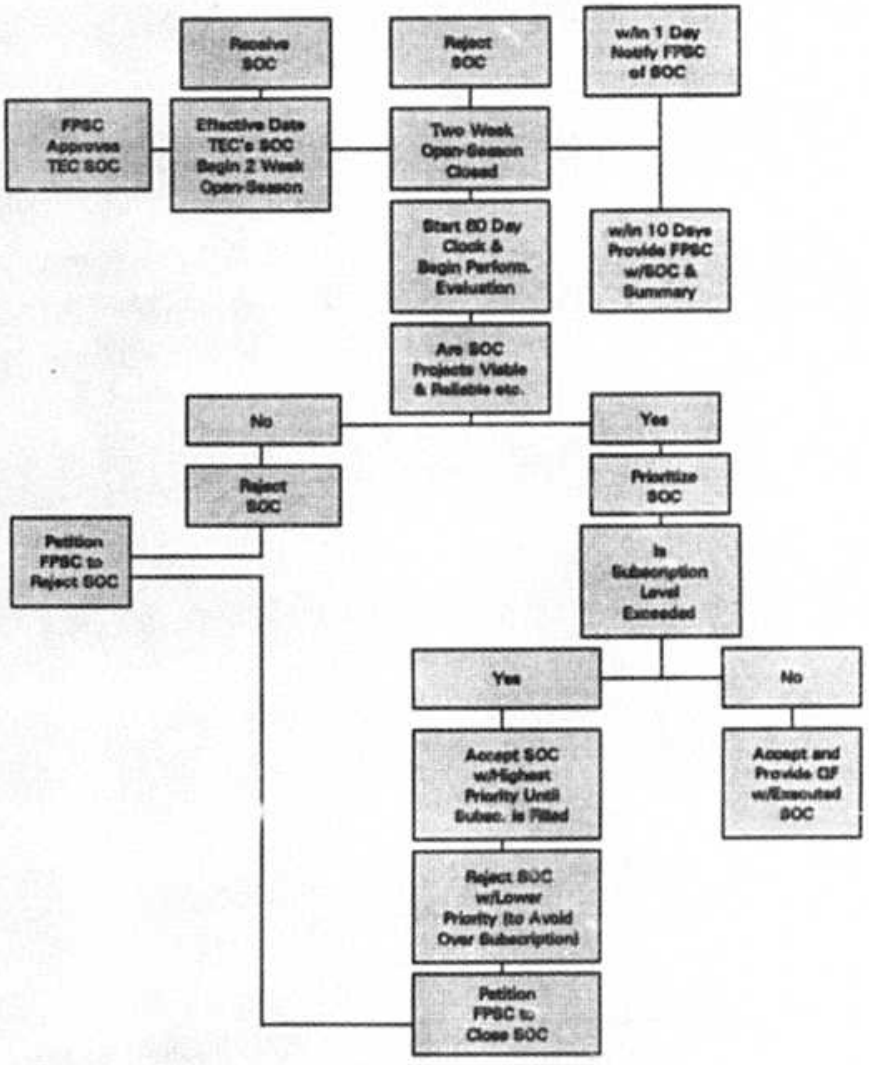
Once the Company's Standard Offer Contract is fully and acceptably subscribed or has expired, the Company will petition the Commission to close its Standard Offer Contract. Any executed Standard Offer Contracts received by the Company during the pendency of such a petition ("Interim SOCs") shall be held in abeyance pending final disposition of the petition. If the petition is finally approved (including any appellate review process), any Interim SOCs received during the pendency of the petition shall be rendered void and of no force and effect. If the petition is finally disapproved (including any appellate review process), any Interim SOCs received during the pendency of the petition shall be reactivated and processed in accordance with the Company's approved Procedure for Processing Standard Offer Contracts.

In its petition, the Company will provide the Commission with an estimate of the date that it will be filing a petition with respect to its new Standard Offer needs. The Company will then reassess its needs for capacity and petition the Commission regarding a Standard Offer Contract which reflects its updated needs for capacity. If the Company's petition for a new Standard Offer Contract is based on a different generation expansion plan than its previously approved Standard Offer Contract, then the Company will include the generation expansion plan in support of its petition.

Continued to Sheet No. 8.300

Continued from Sheet No. 8.295

PROCEDURE FOR PROCESSING STANDARD OFFER CONTRACTS



~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.305

Schedule of COG-2

Table of Appendices

STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM SMALL QUALIFYING FACILITIES OR MUNICIPAL SOLID WASTE FACILITIES
SCHEDULE COG-2
APPENDIX A

Appendix A provides a detailed description of the methodology used by the Company to calculate the monthly value of deferring the Designated Avoided Unit referred to in Schedule COG-2. When used in conjunction with the current FPSC approved cost parameters associated with the Designated Avoided Unit contained in Appendix B, a qf may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the qf enter into a Standard Offer Contract with the utility.

Also contained in Appendix A is a discussion of the types and forms of surety bond requirements or equivalent assurance of repayment of early capacity payments acceptable to the Company in the event of contractual default by a qf.

CALCULATION OF VALUE OF DEFERRAL: FPSC Rule 25-17.0832(6), F.A.C., specifies that avoided capacity costs, in dollars per kilowatt per month, associated with firm capacity sold to a utility by a qf pursuant to the utility's Standard Offer shall be defined as the value of a year-by-year deferral of the Designated Avoided Unit and shall be calculated as follows:

$$VAC_m = \frac{1}{12}\left[KI_n\left[1-\frac{(1+i_p)^L}{(1+r)^L}\right]\right]\left[\frac{1-\frac{(1+i_p)}{(1+r)}}{\qquad}\right]+O_n$$

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.315

Continued from Sheet No. 8.310

FPSC Rule 25-17.0832(6)(a), F.A.C., specifies that, beginning with the in-service date of the Company's Designated Avoided Unit, for a one year deferral:

VAC_m	=	Company's monthly value of avoided capacity, $/kW/month, for each month of year n;
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year;
I_n	=	total direct and indirect cost, in mid-year dollars per kilowatt ($/kW) including AFUDC but excluding CWIP, of the Designated Avoided Unit(s) with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Designated Avoided Unit(s) that would have been paid had the Designated Avoided Unit(s) been constructed;
O_n	=	total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year $/kW/year, of the Designated Avoided Unit(s);
i_p	=	annual escalation rate associated with the plant cost of the Designated Avoided Unit(s);
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);
r	=	annual discount rate, defined as the Company's incremental after tax cost of capital;
L	=	expected life of the Designated Avoided Unit(s); and

Continued to Sheet No. 8.320

Continued from Sheet No. 8.315

n = year for which the Designated Avoided Unit(s) is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm capacity and energy.

FPSC Rule 25-17.0832(6)(b), F.A.C., specifies that, normally, payment for Firm Capacity shall not commence until the in-service date of the Designated Avoided Unit(s). At the option of the qf, however, the Company may begin making early capacity payments consisting of the fixed operation and maintenance expense and the capital cost component of the value of a year-by-year deferral of the Designated Avoided Unit(s) starting as early as two years prior to the in-service date of the Designated Avoided Unit(s). When such early capacity payments are elected, capacity payments shall be paid monthly commencing no earlier than the Commercial In-Service date of the qf, and shall be calculated as follows:

$$A_m = A_o \left[\frac{(1 + i_p)^{(m-1)}}{12} \right] + A_o \left[\frac{(1 + i_o)^{(m-1)}}{12} \right] \text{ for } m = 1 \text{ to } t$$

Beginning with the earliest avoidance date of the Company's Designated Avoided Unit(s), for a one year deferral:

A_m = monthly early capacity payments to be made to the qf starting as early as two years prior to the in-service date of the Company's Designated Avoided Unit(s), in $/kW/month;

i_p = annual escalation rate associated with the plant cost of the Designated Avoided Unit(s);

i_o = annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.325

Continued from Sheet No. 8.320

m = earliest year for which capacity payments to a qf may be made;

t = the minimum term, in years, of the contract for the purchase of firm capacity if early capacity payments commence in year m;

$$A_o = F \left[\frac{1 - \frac{(1 + i_p)}{(1 + r)}}{1 - \frac{(1 + i_p)^t}{(1 + r)^t}} \right]$$

Where:

F = the cumulative present value of the annual avoided capital cost component of capacity payments for a ten year period, commencing with the in-service date of the Designated Avoided Unit(s) (in $/kW/year in 2001 dollars);

r = annual discount rate, defined as the Company's incremental after tax cost of capital; and

$$A_o = G \left[\frac{1 - \frac{(1 + i_o)}{(1 + r)}}{1 - \frac{(1 + i_o)^t}{(1 + r)^t}} \right]$$

Continued to Sheet No. 8.330

Continued from Sheet No. 8.325

Where: G = the cumulative present value in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Designated Avoided Unit(s).

FPSC Rule 25-17.0832(6)(c), F.A.C., specifies that, Monthly Levelized and Early Levelized Capacity Payments shall be calculated as follows:

$$P_L = \frac{F}{12} \times \frac{r}{1-(1+r)^{-t}} + O$$

Where:

P_L = the monthly Levelized Capacity Payment, starting on or prior to the in-service date of the Designated Avoided Unit(s);

F = the cumulative present value of the annual avoided capital cost component of the capacity payments for a ten year period, commencing with the in-service date of the Designated Avoided Unit (in $/kW/year in 2001 dollars);

r = the annual discount rate, defined as the Company's incremental after tax cost of capital;

t = the term, in years, of the contract for the purchase of firm capacity; and

O = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with FPSC Rule 25-17.0832, paragraph 6(a) for Levelized Capacity Payments or with paragraph 6(b) for Early Levelized Capacity Payments, F.A.C.

Currently approved parameters applicable to the formulas above are found in Appendix B.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.335

Continued from Sheet No. 8.330

CALCULATION OF MONTHLY AVAILABILITY AND CAPACITY FACTOR: Pursuant to FPSC Rule 25-17.0832, F.A.C., and Docket No. 891049-EU, a qf must meet or exceed, on a monthly basis, the MPS of the Company's Designated Avoided Unit(s) as described in Appendix C of COG-2 in order to receive monthly capacity payments. At the end of each monthly period, beginning with the monthly period specified in Paragraph 4.b.ii of the Company's Standard Offer Contract, the Company will calculate qf's Monthly Availability and Monthly Capacity Factor.

SECURITY GUARANTEES: The Company requires certain security deposits to ensure the completion of construction and performance under this Agreement in order to protect its ratepayers in the event the qf fails to deliver Firm Capacity and Energy in the amount and times specified in this Agreement, which shall be in form and substance as described herein. Such security may be refunded in the manner described in Paragraphs 4.b.iv.(1) and 4.b.iv.(2) of the Company's Standard Offer Contract.

Pursuant to FPSC Rule 25-17.091, F.A.C., a utility may not require security guarantees from a municipal solid waste facility as required in FPSC Rule 25-17.0832(2)(d) and (3)(f)(1), F.A.C. However, at its option, a municipal solid waste facility may provide such risk-related guarantees.

COMPLETION SECURITY: The qf shall pay to the Company a security deposit equal to $10.00 per kilowatt ($10.00/kW) of Anticipated Contracted Capacity as described herein as security for qf's completion of the Facility by the in-service date of the Designated Avoided Unit(s). Such security will be required within 60 days of contract execution. Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the qf; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event that the qf fails to complete the construction and achieve Commercial In-Service Status by the in-service date of the Designated Avoided Unit(s).

Continued to Sheet No. 8.340

Continued from Sheet No. 8.335

If the qf achieves commercial in-service status by the in-service date of the Designated Avoided Unit(s) then the entire deposit and any interest therein, if applicable, shall be refunded to the qf upon payment by the qf of the Performance Security as required in Paragraph 4.b.iv.(2). of the Company's Standard Offer Contract. If the qf's Commercial In-Service Date is delayed beyond the in-service date of the Designated Avoided Unit(s), the Company may, upon the request of the qf, extend such date for a period not to exceed five (5) months, in which case the Company shall be entitled to retain or draw down on an amount equal to 20% of the original deposit amount for each month (or portion thereof) that the completion of the project is delayed. If the qf's Commercial In-Service Date is delayed and an extension has not been granted or such date is delayed beyond the extended completion date, then the Company shall retain all of the deposit and terminate this Agreement.

PERFORMANCE SECURITY: Within sixty (60) days after the later of the qf's Commercial In-Service Date or the in-service date of the Designated Avoided Unit(s), the qf shall pay the Company a deposit in the amount of $10.00/kW of Actual Contracted Capacity as security for the qf's performance under this Agreement. Such security deposit shall be provided in the same manner as the completion security deposit as described in Paragraph 4.b.iv.(1). of the Company's Standard Offer Contract. Such performance security shall be retained by the Company for twelve (12) months from the later of the qf's Commercial In-Service Date or the in-service date of the Designated Avoided Unit(s).

If, at the end of the twelve month period so described, the qf's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor meet the MPS as set forth in Rate Schedule COG-2, then the qf shall be entitled to a refund of such deposit. However, if, at the end of the first twelve month period, the qf's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor fail to meet the MPS, then the Company shall be entitled to retain or draw down 50% of such deposit and retain the remainder of the security for an additional twelve month period.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.345

Continued from Sheet No. 8.340

if, at the end of the twenty fourth month, the qf's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor again fail to achieve the MPS, for the most recent 12-month period, then the Company shall be entitled to retain the remainder of the security and to terminate the contract. However, if at the end of the twenty fourth month, the qf's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor meet the MPS, for the most recent 12-month period, then the qf shall be entitled to a refund of the remaining deposit.

For the purpose of this calculation, the 12-month average of a parameter shall be defined to equal the sum of each month's average numerical value for that parameter, for the most recent 12-month period, divided by twelve (12).

LIQUIDATED DAMAGES: The parties hereto agree that the Company would be substantially damaged in amounts that would be difficult or impossible to ascertain in the event that the qf fails to complete the Facility by the in-service date of the Designated Avoided Unit(s) or to provide a Facility which meets the MPS. In the event that the Company terminates this Agreement for the qf's failure to achieve commercial in-service status by the in-service date of the Designated Avoided Unit(s) or achieve the MPS once in service, the Company may retain all of the completion or performance security as liquidated damages, not as penalty, in lieu of actual damages and the qf hereby waives any defenses as to the validity of any such liquidated damages. In the event the qf defaults, it forfeits the aforesaid Completion and/or Performance Security. In addition thereto, the Company shall be entitled to pursue such equitable remedies against the qf as may be available.

REPAYMENT OF EARLY CAPACITY PAYMENTS: FPSC Rule 25-17.0832(3)(c), F.A.C., also requires that when early capacity payments are elected, the qf must provide a security deposit for assurance of repayment of Early Capacity Payments in the event the qf is unable to meet the terms and conditions of its contract. Depending on the nature of the qf's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Standard Offer Contract; one of the following may constitute an equivalent assurance of repayment:

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.350

Continued from Sheet No. 8.345

1. cash deposited in an interest bearing escrow account mutually acceptable to the Company and the qf; or

2. an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or

3. a performance bond in form and substance satisfactory to the Company.

The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event that the qf fails to meet the terms and conditions of its contract.

The Company will cooperate with each qf applying for early capacity payments to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the qf. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the qf and the Company's ratepayers.

Florida Statute 377.709(4), requires the local government to refund early capacity payments should a municipal solid waste facilit/ owned, operated by or on behalf of a local government be abandoned, closed down or rendered illegal, therefore a utility may not require risk-related guarantees from a municipal solid waste facility as required in FPSC Rule 25-17.0832(2)(c) and (3)(e)(8), F.A.C. However, at its option, a municipal solid waste facility may provide such risk-related guarantees.

DESIGNATED AVOIDED UNIT
PARAMETERS FOR AVOIDED CAPACITY COSTS
SCHEDULE COG-2
APPENDIX B

Beginning with the in-service date (1/1/2001) of the Company's Designated Avoided Unit (a 180 MW (Winter Rating) natural gas-fired Combustion Turbine), for a one year deferral:			Value
VAC_m	=	Company's monthly value of avoided capacity, in $/kW/month, for each month of year n;	3.30
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year;	1.5973
I_n	=	total direct and indirect cost, in mid-year $/kW including AFUDC but excluding CWIP, of the Designated Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Designated Avoided Unit(s) that would have been paid had the Designated Avoided Unit(s) been constructed;	303.00
O_n	=	total fixed operation and maintenance expense for the year n, in mid-year $/kW/year, of the Designated Avoided Unit(s);	3.81
i_p	=	annual escalation rate associated with the plant cost of the Designated Avoided Unit(s);	2.4%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);	2.7%
r	=	annual discount rate, defined as the Company's incremental after tax cost of capital;	9.37%
L	=	expected life of the Designated Avoided Unit(s); and	30

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.360

Continued from Sheet No. 8.355

			Value
n	=	year for which the Designated Avoided Unit(s) is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm capacity and energy;	2001
A_m	=	monthly early capacity payments to be made to the qf starting as early as two years prior to the in-service date of the Company's Designated Avoided Unit(s), in $/kW/month;	2.44
i_p	=	annual escalation rate associated with the plant cost of the Designated Avoided Unit(s);	2.4%
m	=	earliest year for which capacity payments to a qf may be made;	1999
F	=	the cumulative present value of the annual avoided capital cost component of capacity payments for a ten year period, commencing with the in-service date of the Designated Avoided Unit(s) (in $/kW/year in 1999 dollars);	226.60
r	=	annual discount rate, defined as the Company's incremental after tax cost of capital; and	9.37%
t	=	the minimum term, in years, of the contract for the purchase of firm capacity if early capacity payments commence in year m.	12

Parameters for Avoided Energy and Variable Operation and Maintenance Costs

Beginning on January 1, 2001, to the extent that the Designated Avoided Unit(s) would have been operated had it been installed by the Company:

O_v	=	total variable operating and maintenance expense, in $/MWH, of the Designated Avoided Unit(s), in year n;	2.95
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s); and	2.7%
h	=	the average annual heat rate, in British Thermal Units (Btus) per kilowatt-hour (Btu/kWh), of the Designated Avoided Unit(s).	11,114

~~RESERVED FOR FUTURE USE~~

DESIGNATED AVOIDED UNIT
MINIMUM PERFORMANCE STANDARDS
SCHEDULE COG-2
APPENDIX C

The Company's Standard Offer Contract is based on a 180 MW fully dispatchable simple cycle, natural gas fired Combustion Turbine generating unit with an in-service date of January 1, 2001. In order to receive a Monthly Capacity Payment, all Firm Capacity and Energy provided by qfs shall meet or exceed the following MPS on a monthly basis. The MPS are based on the anticipated peak and off-peak dispatchability, unit availability, and operating factor of a 2001 Combustion Turbine designated as the Avoided Unit over the term of this Standard Offer Contract. The qf's facility will be evaluated against the anticipated performance of the Company's Designated Avoided Unit, starting with the first Monthly Period following the date selected in Paragraph 4.b.ii of the Company's Standard Offer Contract.

1. Dispatch Requirements: The qf shall provide peaking capacity to the Company on a firm commitment, first-call, on-call, as-needed basis. In order to receive a Monthly Capacity Payment, for months the unit is to be dispatched, the qf must meet or exceed both the minimum Monthly Availability and Monthly Capacity Factor requirements.

2. Dispatch Procedure: The Company shall electronically transmit the next day's expected hour-by-hour dispatch schedule for the qf's unit based on the hour-by-hour Committed Capacity schedule supplied by the qf at 3:00 PM that day. Friday's electronic transmissions will include Saturday, Sunday, and Monday schedules. Communications between the Company and the qf during holiday periods will be similarly adjusted. The qf shall control and operate its unit consistent with the Company's dispatch schedule. From time to time (i.e. during emergency conditions), the Company may be required to adjust or ignore scheduled levels altogether, however, each party shall make reasonable efforts to minimize departures from the daily schedule.

3. Automatic Generation Control: At the Company's discretion, the qf will operate its unit with Automatic Generation Control (AGC) equipment, speed governors, and voltage regulators in-service, except at such times when operational constraints of the equipment prevent AGC operation.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.370

Continued from Sheet No. 8.365

a. Start-up Time: Upon notification by the Company, the qf's unit shall provide its Committed Capacity within thirty (30) minutes from a cold-start condition.

b. Minimum Run Time: Minimum run time for the qf's unit shall be one (1) hour.

BASIS FOR MONTHLY CAPACITY PAYMENT CALCULATION:

1. Monthly Availability Factor: The qf's Monthly Availability Factor will be calculated by averaging the Hourly Availability Factors for each hour of the Monthly Period. The Hourly Availability Factor may not exceed 100% and shall be defined as the hourly Committed Capacity expressed as a percentage of Contracted Capacity to the nearest whole percentile. The qf is required to achieve a minimum Monthly Availability Factor of ninety percent (90%) in order to meet the MPS and be eligible to receive a Monthly Capacity Payment. Periods of Annual Planned Maintenance will be excluded from the calculation of the Monthly Availability Factor. For purposes of calculating the Monthly Availability Factor, the qf's Committed Capacity may not exceed its Contracted Capacity.

2. Monthly Capacity Factor: In addition to the MPS for Monthly Availability, the qf shall provide Committed Capacity into the Company's electric grid in order to meet or exceed a Monthly Capacity Factor of eighty percent (80%). The Monthly Capacity Factor for the period April 1 through October 31, shall be defined as the sum of eighty percent (80%) of the Monthly Average On-peak Operating Factor plus twenty percent (20%) of the Monthly Average Off-peak Operating Factor. The Monthly Capacity Factor for the period November 1 through March 31, shall be defined as the sum of ninety percent (90%) of the Monthly Average On-peak Operating Factor plus ten percent (10%) of the Monthly Average Off-peak Operating Factor.

a. Operating Factor: The qf shall endeavor to provide capacity in the amount dispatched by the Company. The Company may at times request capacity in an amount that exceeds the Committed Capacity as declared by qf the previous day.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.375

Continued from Sheet No. 8.370

However, the Operating Factor may not exceed 100% and shall be defined as the actual energy received during each hour divided by the lessor of the qf's committed capacity or the capacity requested by the Company for that hour, expressed to the nearest whole percentile.

b. Monthly Average On-peak Operating Factor: The monthly average of the Operating Factor for all hours the qf unit has been dispatched during On-peak Hours will be termed the Monthly Average On-peak Operating Factor.

c. Monthly Average Off-peak Operating Factor: The monthly average of the Operating Factor for all hours the qf unit has been dispatched during Off-peak Hours will be termed the Monthly Average Off-peak Operating Factor.

3. Off-Peak and On-Peak Hours: Those weekday hours occurring April 1 through October 31, from 12:00 noon to 9:00 p.m. and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and from 6:00 p.m. to 10:00 p.m. All other weekday hours and weekends shall be deemed Off-peak Hours including the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The Company shall have the right to change such On-peak Hours by providing written notice to qf a minimum of ninety (90) calendar days prior to such change.

4. Annual Scheduled Maintenance: Each year the qf shall prepare, coordinate, and provide by April 1st all planned maintenance with the Company. The Company will review and approve annual/major scheduled maintenance by July 1st, for the balance of the current year and following calendar year. A maximum of two (2) weeks (336 hours) each year for annual maintenance and a total of five (5) weeks (840 hours) every fifth year for major overhauls will be allowed. Scheduled maintenance shall not be planned during December through February without prior written consent from the Company. At the option of the qf and by written notification to the Company, scheduled outage time may be utilized during any other months to improve the qf's Availability and Capacity Factors and such scheduled outage hours will be disregarded from the Monthly Availability Factor and Capacity Factor calculations. However, once allowable maintenance hours have been utilized, all other hours during the year will be considered in Availability and Capacity Factor calculations.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.380

Continued from Sheet No. 8.375

5. Monthly Capacity Payment: Starting with the qf's Commercial In-Service Date, for months when the qf unit has been dispatched (provided that qf has achieved at least a 90% Monthly Availability Factor), the Monthly Capacity Payment for each Monthly Period shall be calculated according to the following:

a. In the event that the Monthly Capacity Factor is less than 80%, no Monthly Capacity Payment shall be paid to the qf. That is:

MCP = $0

b. In the event that the Monthly Capacity Factor is greater than or equal to 80% but less than 90%, the Monthly Capacity Payment shall be calculated from the following formula:

MCP = [(BCC) x (.02 x (CF-45))] x CC

c. In the event that the Monthly Capacity Factor is greater than or equal to 90%, the Monthly Capacity Payment shall be calculated from the following formula:

MCP = (BCC)xCC

Where:

MCP = Monthly Capacity Payment in dollars.

BCC = Base Capacity Credit in $/KW-Month pursuant to Tariff Sheet No. 8.225.

CC = Contracted Capacity in KW.

CF = Monthly Capacity Factor; or

During April 1 - October 31:

= 80% x Monthly Average On-peak Operating Factor +
20% x Monthly Average Off-peak Operating Factor

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.385

Continued from Sheet No. 8.380

During November 1 - March 31:

= 90% x Monthly Average On-peak Operating Factor +

10% x Monthly Average Off-peak Operating Factor

6. Non-Dispatch Condition: The qf may be entitled to a Monthly Capacity Payment (BCC X CC) even if the qf's unit was not dispatched by the Company during a Monthly Period. In this instance however, in order to cover the Company's operating reserve criteria, the qf unit must have achieved a minimum Monthly Availability Factor of 90% for the Monthly Period to be eligible to receive a Monthly Capacity Payment.

In the event the qf unit is dispatched during one but not the other (On-peak vs. Off-peak) period during the month, the qf's Monthly Average Operating Factor for the "non-dispatched" period will be set equal to the Monthly Average Operating Factor achieved during the "dispatched" period, for the purpose of calculating the Monthly Capacity Factor, as defined in the Section entitled Basis for Monthly Capacity Payment Calculation, Paragraph 2 herein.

The qf may be entitled to a Monthly Capacity Payment when the qf's unit is out of service during the month for allowable scheduled maintenance in accordance with the Section entitled Basis for Monthly Capacity Payment Calculation, Paragraph 4.

BASIS FOR MONTHLY ENERGY PAYMENT CALCULATION:

1. Energy Payment Rate: Prior to January 1, 2001, the qf's Energy Payment Rate shall be the Company's As-Available Energy Payment Rate, as described in Appendix D. Starting January 1, 2001, the basis for determining the Energy Payment Rate will be whether;

a. The Company has dispatched the qf's unit on AGC; or

b. The Company has dispatched the qf's unit off AGC and the qf is operating its unit at or below the dispatched level; or

c. The Company has dispatched the qf's unit off AGC but the qf is operating its unit above the dispatched level; or

d. The Company has not dispatched the qf's unit but the qf is providing capacity and energy.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.390

Continued from Sheet No. 8.385

Note: For any given hour the qf unit must be operating on AGC a minimum of 30 minutes to qualify under case (a).

The qf's total monthly energy payment shall equal; (1) the sum of the hourly energy at the Unit Energy Payment Rate (EPR), when the qf's unit was dispatched by the Company, plus (2) the sum of the hourly energy at the corresponding hourly As-Available Energy Rate when the qf's unit was operating at times other than when the Company dispatched the unit.

2. Unit Energy Payment Rate: Starting January 1, 2001, the qf will be paid at the EPR for energy provided in Paragraph 1.a, Paragraph 1.b and that portion of the energy provided up to the dispatched level in Paragraph 1.c as defined in the Section entitled Basis for Monthly Energy Payment Calculations. The EPR, which is based on the Company's Designated Avoided Unit and Heat Rate value of 11,114 Btu/kWh, will be calculated monthly by the following formula:

EPR = FC + VOM,

where;

VOM = Unit Variable Operation & Maintenance Expense in $/MWH defined in Rate Schedule COG-2, Appendix B.

FC = Fuel Component of the Energy Payment in $/MWH as defined by:

$$FC = \frac{11{,}114\ \text{Btu/kWh} \times FP}{1{,}000}$$

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.395

Continued from Sheet No. 8.390

where:

FP = Fuel Price in $/MMBTU determined by:

FP = GC + TC + GRI + ACA + TCR + FRC,

where;

GC = Fuel Price in $/MMBTU determined by taking the first publication of each month of Inside FERC's Gas Market Report low price quotation under the column titled "Range" for "Florida Gas Transmission Co., Louisiana" listings.

TC = then currently approved Florida Gas Transmission (FGT) Company tariff rate in $/MMBTU for Interruptible Transmission Service (ITS-1).

GRI = then currently approved FGT Company tariff rate in $/MMBTU for recovery of charges for the Gas Research Institute.

ACA = then currently approved FGT Company tariff rate in $/MMBTU for recovery of charges permitted by Section 154.38(d)(6) of the FERC regulations under the Natural Gas Act.

TCR = then currently approved FGT Company tariff rate in $/MMBTU for recovery of costs associated with FGT's obligation to satisfy long term take-or-pay agreements.

FRC = then currently approved FGT Company tariff rate in $/MMBTU for recovery of costs associated with the natural gas used to operate FGT's pipeline system.

3. **As-Available Energy Payment Rate:** For energy provided and not covered under Paragraph 2 above, the As-Available Energy Payment Rate will be applicable and will be based on the system avoided energy cost as defined in Appendix D.

METHODOLOGY TO BE USED IN THE CALCULATION OF AVOIDED ENERGY COST SCHEDULE COG-2 APPENDIX D

The methodology the Company has implemented in order to determine the appropriate avoided energy costs and any payments thereof to be rendered to qfs is consistent with the provisions of Order No. 23625 in Docket No. 891049-EU, issued on October 16, 1990, and with the Amendment of FPSC Rules 25-17.080 et seq, F.A.C..

The avoided energy costs methodology used to determine payments to qfs on an hourly basis is based on the incremental cost of fuel using the average price of replacement fuel purchased in excess of contract minimums and is further described in Exhibit #1. Generally, avoided energy costs are defined to include incremental fuel, identifiable variable operation and maintenance expenses, identifiable variable purchased power costs and an adjustment for line losses reflecting delivery voltage.

Under normal conditions the Company will have additional generation resources available which can carry its native load and firm interchange sales without the qf's contribution. When this is the case and the qf is present, the incremental fuel portion of the avoided energy cost is equal to the difference between the Company's production cost at two load levels, with and without the qf's contribution.

In those situations where the Company's available maximum generation resources (not including its minimum spinning reserves) are insufficient to carry its native load and firm interchange sales, in the absence of the qf contribution, the Company's incremental fuel component of the avoided energy cost will be determined by:

1. system lambda - if "off-system purchases" are not being made and all available generation has been dispatched; or

2. the highest incremental cost of any "off-system purchases" that are being made for native load.

Examples of these situations are found in Exhibits #3-#6.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.405

Continued from Sheet No. 8.400

The As-Available Avoided Energy Cost, as determined by this methodology, is priced at a level not to exceed the Company's incremental fuel and identifiable variable operating and maintenance (O&M) expenses including the cost of any off-system purchases for native load.

PARAMETERS FOR DETERMINING AS-AVAILABLE AVOIDED ENERGY COSTS: The Company uses production costing methods for determining avoided energy cost payments to qfs. Computerized production costing is accomplished on an hourly basis. The parameters used are as follows:

1. The system load is the actual system load at the Hour Ending with the clock hour (HE).

2. The first allocation of load for production costing is to those units that are base loaded at a certain level for operating reasons. The remainder of the load is allocated to units available for economic dispatch through the use of incremental cost curves.

3. The fuel costs associated with each of the Company's units operating at its allocated level of generation is determined by using the individual units input/output equation, its heat rate performance factor and the composite price of supplemental fuel.

4. The Company's own production cost for each hour of operation at a particular generation level equals the sum of the individual units' fuel cost for that hour. The production cost, thus determined, consists of the composite price of replacement fuel based on supplemental purchases and the incremental heat rate for the generating system.

5. The Company's total cost equals its own production cost (Paragraph 4 above), identified variable O&M, plus the cost of any off-system purchases to serve native load.

6. Native load includes all firm and non-firm retail load.

7. The cost of off-system firm and non-firm variable purchases is defined as the highest energy cost energy block purchased for native load during the hour; i.e., SCHEDULES A, B, C, D, X, J, UPP (Unit Power Purchase).

8. Firm interchange sales are included in production cost calculations.

9. The Company's available maximum generation resources in this methodology is defined as the maximum capacity less spinning reserve requirements.

Continued to Sheet No. 8.410

Continued from Sheet No. 8.405

10. The "Standard Tariff Block" is defined to be an x-megawatt (XMW) block equivalent to the combined actual hourly generation delivered to the Company from all qfs making as-available energy sales to the Company. In the absence of metered information on exports from a qf making as-available energy sales to the Company, an estimate of the hourly exports from that Facility will be used, rounded to the nearest 5 MW and then added to the sum of all other known as-available energy purchases for that hour.

PARAMETERS FOR DETERMINING ENERGY PAYMENT RATES: The Company uses production costing methods for determining avoided energy cost payments to qfs. Computerized production costing is accomplished on an hourly basis. The parameters used are as follows:

1. **Prior to the in-service date:** For payments prior to the in-service date of the Designated Avoided Unit, the As-Available Energy Payment Rate in ¢/kWh, calculated in accordance with the Section entitled Basis for Monthly Energy Payment, Paragraph 1 in Appendix C of this Rate Schedule, shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C.

2. **After the in-service date:** For payments after the in-service date of the Designated Avoided Unit, the Unit Energy Payment Rate in ¢/kWh, calculated in accordance with the Section entitled Basis for Monthly Energy Payment, Paragraph 2 in Appendix C of this Rate Schedule, shall be based on the Designated Avoided Unit's energy cost (fuel and variable Operation and Maintenance), to the extent that the Designated Avoided Units would have operated had it been installed by the Company.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.415

Continued from Sheet No. 8.410

SUPPLEMENTAL FUEL: The term "supplemental fuel" refers to that fuel purchased in excess of the Company's long-term contract minimum requirements. As illustrated in Exhibit #1, supplemental fuel can be composed of contract fuel purchases above minimums and fuel purchases on the spot market. When spot prices are lower than prices for minimum tonnages on long term contract purchases, spot prices are "supplemental." Under market conditions where spot prices are greater than the price of coal purchased under contract, it is economical for the Company to purchase more than the contract minimums. In this instance the supplemental price is a combination of the contract price of coal above minimum contract requirements and any coal purchased on the spot market. The Company looks to the supplemental fuel for purposes of incremental pricing to determine the level of as-available energy payments because contract minimum purchases are a fixed expense.

Supplemental fuel is composed of contract fuel purchases above minimum levels and fuel purchases on the spot market. The Company pursues the least expensive alternative whether it be spot purchases or purchases of contract coal above the contract minimum, or a mixture of both. The supplemental fuel price is calculated by weight averaging all of the supplemental fuel purchases, by fuel type, during the preceding month. A Supplemental Fuel Cost Worksheet is shown in Exhibit #2.

With regard to oil-fired generation, the Company treats all of its oil purchases as supplemental fuel inasmuch as it has no contract minimums. For graphic portrayal of Tampa Electric's definition of supplemental fuel see Exhibit #1 attached.

AVOIDED ENERGY COST CALCULATIONS:

Example: #1 No off-system purchases, the Company's generation is capable of carrying its native load and firm sales.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis when no off-system purchases are taking place is as follows:

In these instances, the $/MWH price that the Company will pay the qfs is determined by calculating the production cost at two load levels.

The first calculation determines the Company's production cost without the benefit of cogeneration.

Continued to Sheet No. 8.420

Continued from Sheet No. 8.415

The second calculation determines the Company's production cost with the benefit of cogeneration.

After each of the two calculations are made, the avoided energy cost rate is calculated by dividing the difference in production cost between the two calculations described above by the "Standard Tariff Block." [The "Standard Tariff Block" is defined to be an XMW block equivalent to the combined actual hourly generation delivered to the Company from all qfs making as-available energy sales to the Company. In the absence of metered information on exports from a qf making as-available energy sales to the Company, an estimate of the hourly exports from that Facility will be used, rounded to the nearest 5 MWs and then added to the sum of the other as-available purchases for that hour. Prior to the in-service date of the appropriate designated avoided unit, firm energy sales will be equivalent to as-available sales. Beginning with the in-service date of the appropriate Designated Avoided Unit(s), firm energy purchases from qfs shall be treated as "as-available" energy for the purposes of determining the XMW block size only during the periods that the appropriate designated avoided unit would not be operated.] The difference in production costs divided by the XMW block determines the As-Available Energy Payment Rate (AEPR) for the hour. The AEPR will be applied to the "Actual" qf MWs purchased during the hour to determine payment to each qf supplying as-available energy, and each qf supplying firm energy in those instances where the avoided unit would not have been operated during the hour. See Exhibit #3 (Example #1).

Example #2 Off-system purchases are not being made. The Company's generation can only carry its native load and firm sales with the qf contribution.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis whenever the Company is not purchasing off-system interchange is as follows:

In this instance, the avoided energy cost that the Company will pay the qfs will be determined by calculating the production cost at the last MW load level. The avoided energy cost is the production cost at system lambda. See Exhibit #4. (Example #2a)

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.425

Continued from Sheet No. 8.420

In the situation where the Company's generation is not fully dispatched, and additional generation capability is available to price a portion of the qf block, then the qf block will be priced at a combination of the difference between the Company's production cost at two load levels as previously defined and at system lambda. See Exhibit #5. (Example #2b)

Example #3 Off-system purchases are being made to serve native load.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis whenever the Company is making off-system purchases for native load is as follows:

In this instance, the $/MWH price that the Company will pay is determined by applying the highest incremental cost of the off-system purchases to the qf block. See Exhibit #6. (Example #3)

Line Loss Credit: A credit for avoided line losses reflecting the voltage at which generation by the qfs is received is included in the Company's procedure for the determination of incremental avoided energy cost associated with as-available energy. The Company uses the loss factors used in the Fuel and Purchase Power Cost Recovery Clause for calculating the compensation for avoided line losses at the transmission and distribution system voltage levels based upon the appropriate classification of service.

Example: (Firm Standby Time-of-Day)

Actual Incremental Hourly Avoided Energy Cost is:
$14.80/MWH
Adjustment Factor for Line Losses:
1.0555

The Actual Incremental Hourly Avoided Energy Cost adjusted for avoided line losses associated with as-available energy provided to the Company would then become, in this example, $15.62/MWH.

"Identifiable" Incremental Variable O&M: A procedure for approximating the "Identifiable" Incremental Variable O&M expenses is included in the Company's methodology for the determination of incremental avoided energy costs associated with as-available energy.

Continued to Sheet No. 8.430

Continued from Sheet No. 8.425

The calculation of the variable O&M expense component associated with as-available energy is made annually in accordance with a system that differentiates actual annual total O&M costs into estimates of both fixed and variable components. This procedure, developed by the Electric Power Research Institute (EPRI), was published in their Technical Assessment Guide (TAG) Special Report, dated May 1982, (EPRI P-2410-SR).

The EPRI-TAG assumptions provide an easily used and useful formula that approximates a fair payment for avoided variable O&M expenses. As such, it can be easily calculated and monitored using readily available information. Once identified, based on the previous year's actual total O&M cost for coal-fired generation, the incremental avoided energy cost associated with as-available energy is adjusted to compensate for these variable expenses. (See Exhibit #7)

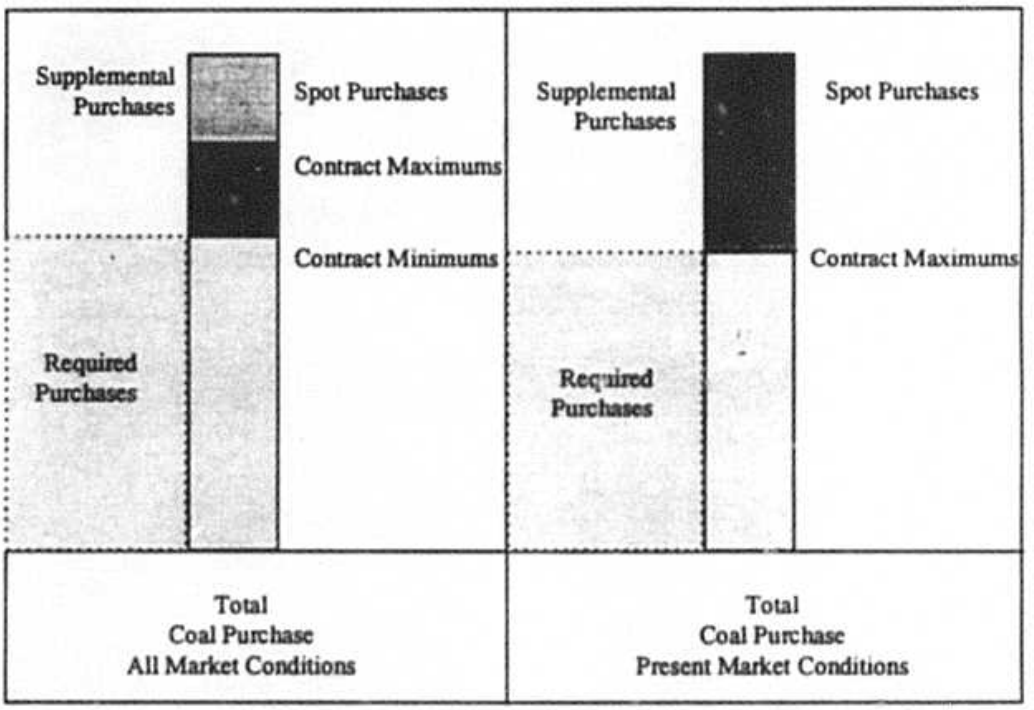
~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.435

Continued from Sheet No. 8.430

EXHIBIT #1

REQUIRED AND SUPPLEMENTAL COAL PURCHASES UNDER DIFFERENT MARKET CONDITIONS



Continued to Sheet No. 8.440

Continued from Sheet No. 8.605

4. Technical Requirements and Operations: The parties agree that QF's interconnection with, and delivery of electricity into, the Company's system must be accomplished in accordance with the provisions of the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System," "NERC Planning Standards," September 1997, [Copyright @ 1997 by the North American Electric Reliability Council] attached hereto as Exhibit C, that are applicable to generation and transmission facilities which are connected to, or are being planned to be connected to the Company's transmission system (document provided upon request).

In the event that changes in the engineering or operating standards or practices in the utility industry, and the Company's corresponding standards or practices or changes in regulatory requirements, affect the design or operation of the Company's electrical system, and this in turn necessitates additions to or modifications of the equipment or facilities utilized in order to ensure the continued safe and reliable operations contemplated by this Agreement, as well as the continued compatibility of the Facility with the Company's system, QF agrees to bear the cost of such additions or modifications which are directly attributable to the Facility. The costs of such additions or modifications shall not include any costs which the Company would otherwise incur if it were hot engaged in interconnected operations with the Facility, but instead provided through its own generation facilities the electrical power required by the Facility.

In addition, QF agrees to require that the Facility operator immediately notify the Company's System Dispatcher by telephone in the event hazardous or unsafe conditions associated with the parties' parallel operations are discovered. If such conditions are detected by the Company, then the Company will likewise immediately contact the operator of the Facility by telephone. Each party agrees to immediately take whatever appropriate corrective action is necessary to correct the hazardous or unsafe conditions.

To the extent the Company reasonably determines the same to be necessary to ensure the safe operation of the Facility or to protect the integrity of the Company's system, QF agrees to reduce power generation or take other appropriate actions.

Continued to Sheet No. 8.615

Continued from Sheet No. 8.610

5. **Interconnection Facilities:** The interconnection facilities shall include the items listed in Exhibit A. Interconnection facilities on the Company's side of the ownership line with QF shall be owned, operated, maintained and repaired by the Company. QF shall be responsible for the cost of designing, installing, operating and maintaining the interconnection facilities on QF's side of the ownership line as indicated in Exhibit A. The QF shall be responsible for establishing and maintaining controlled access by third parties to the interconnection facilities owned by the QF.

6. **Maintenance and Repair Payments:** The Company will separately invoice QF monthly for all costs associated with the operation, maintenance and repair of the interconnection facilities. QF agrees to pay the Company within 20 business days of receipt of each such invoice.

7. **Site Access:** In order to help ensure the continuous, safe, reliable and compatible operation of the Facility with the Company's system, QF hereby grants to the Company for the period of interconnection the reasonable right of ingress and egress, consistent with the safe operation of the Facility, over property owned or controlled by QF to the extent the Company deems such ingress and egress necessary in order to examine, test, calibrate, coordinate, operate, maintain or repair any interconnection equipment involved in the parallel operation of the Facility and the Company's system, including the Company's metering equipment.

8. **Construction Responsibility:** In no event shall any the Company statement, representation, or lack thereof, either express or implied, relieve QF of its exclusive responsibility for the Facility. Specifically, any the Company inspection of the Facility shall not be construed as confirming or endorsing the Facility's design or its operating or maintenance procedures nor as a warranty or guarantee as to the safety, reliability, or durability of the Facility's equipment. The Company's inspection, acceptance, or its failure to inspect shall not be deemed an endorsement of any Facility equipment or procedure.

Continued to Sheet No. 8.620

Continued from Sheet No. 8.615

9. Insurance: The QF shall deliver to the Company, at least fifteen (15) days prior to the start of any interconnection work, a certificate of insurance certifying the QF's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida naming the QF as named insured, and the Company as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering the liabilities accepted under this Agreement arising out of the interconnection to the QF, or caused by operation of any of the QF's equipment or by the QF's failure to maintain its equipment in satisfactory and safe operating condition.

a. In subsequent years, a certificate of insurance renewal must be provided annually to the Company indicating the QF's continued coverage as described herein. Renewal certification shall be sent to:

Tampa Electric Company
Risk Management Department
P. O. Box 111
Tampa, FL 33601

b. The policy providing such coverage for a Standard Offer Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than $1,000,000 for each occurrence; provided however, if QF has insurance with limits greater than the minimum limits required herein, the QF shall set any amount higher than the minimum limits required by the Company to satisfy the insurance requirements of this Agreement.

c. The policy providing such coverage for a Negotiated Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than $1,000,000 for each occurrence. The Parties may negotiate the amount of insurance over $1,000,000.

d. The above required policy shall be endorsed with a provision requiring the insurance company to notify the Company thirty (30) days prior to the effective date of any cancellation or material change in said policy.

Continued to Sheet No. 8.625

Continued from Sheet No. 8.620

e. The QF shall pay all premiums and other charges due on said policy and keep said policy in force during the entire period of interconnection with the Company.

10. **Electric Service to QF:** The Company will provide the class or classes of electric service requested by QF, to the extent that they are consistent with applicable tariffs; provided, however, that interruptible service will not be available under circumstances where interruptions would impair QF's ability to generate and deliver Firm Capacity and Energy to the Company under the terms of the Company's Standard Offer Contract.

11. **Assignment:** The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without the Company's prior written consent and such consent shall not be unreasonably withheld.

12. **Disclaimer:** In executing this Agreement, the Company does not, nor should it be construed to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with QF or any assignee of this Agreement.

13. **Applicable Law:** This Agreement shall be governed by and construed and enforced in accordance with the laws, rules and regulations of the State of Florida and the Company's Tariff as may be modified, changed or amended from time to time.

14. **Severability:** If any part of this Agreement, for any reason, be declared invalid, or unenforceable by a court or public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Agreement, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.

Continued to Sheet No. 8.630

Continued from Sheet No. 8.625

15. **Complete Agreement and Amendments:** All previous communications or agreements between parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both parties to this Agreement.

16. **Incorporation of Rate Schedule:** The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's published Rate Schedule COG-1 or COG-2 as approved and on file with the FPSC. The Rate Schedule is incorporated herein by reference.

17. **Survival of Agreement:** This Agreement, as it may be amended from time to time, shall be binding and inure to the benefit of the Parties' respective successors-in-interest and legal representatives.

18. **Notification:** For purpose of making emergency or any communications relating to the operation of the Facility, under the provisions of this Agreement, the parties designate the following persons for notification:

For QF:

_____ _____

_____ Phone: _____

For Tampa Electric:

Dispatcher

Palm River Phone: (813) 621-2929

Continued to Sheet No. 8.635

Continued from Sheet No. 8.630

For purposes of making any and all non-emergency oral and written notices, payments or the like required under the provisions of this Agreement, the parties designate the following to be notified or to whom payment shall be sent until such time as either party furnishes the other written instructions changing such designate.

For QF:

For Tampa Electric:
Manager-Industrial/Governmental Marketing & Sales
Tampa Electric Company
702 North Franklin Street (33602)
P.O. Box 111
Tampa, Florida 33601

IN WITNESS WHEREOF, QF and the Company have executed this Agreement the day and year first above written.

WITNESSES:

Qualifying Facility

_____ **By:** _____

_____ **Its:** _____

WITNESSES:

Tampa Electric Company

_____ **By:** _____

_____ **Its:** _____

RESERVED FOR FUTURE USE

RESERVED FOR FUTURE USE

RESERVED FOR FUTURE USE

RESERVED FOR FUTURE USE

GENERAL STANDARDS FOR SAFETY AND INTERCONNECTION OF COGENERATION AND SMALL POWER PRODUCTION FACILITIES TO THE ELECTRIC UTILITY SYSTEM

The following section is based on Florida Public Service Commission (FPSC) Rule 25-17.87, Florida Administrative Code, (F.A.C.), Interconnection and Standards and is applicable throughout Tampa Electric Company's (the Company's) service area:

1. The Company shall interconnect with any qualifying facility (qf) which:

   a. is in its service area;

   b. requests interconnection;

   c. agrees to meet system standards specified in this Rule;

   d. agrees to pay the cost of interconnection; and

   e. signs an interconnection agreement.

2. Nothing in this rule shall be construed to preclude the Company from evaluating each request for interconnection on its own merits and modifying the general standards specified in this Rule to reflect the result of such an evaluation.

3. Where the Company refuses to interconnect with a qf or attempts to impose unreasonable standards pursuant to subsection (2) of this rule, the qf may petition the FPSC for relief. The Company shall have the burden of demonstrating to the FPSC why interconnection with the qfs should not be required or that the standards the Company seeks to impose on the qfs pursuant to subsection (2) are reasonable.

4. Upon a showing of credit worthiness, the qfs shall have the option of making monthly installment payments over a period no longer than 36 months toward the full cost of interconnection. However, where the qfs exercises that option, the Company shall charge interest on the amount owing. The Company shall charge such interest at the 30 day highest grade commercial paper rate. In any event, no the Company may not bear the cost of interconnection.

Continued to Sheet No. 8.705

Continued from Sheet No. 8.700

5. Application for Interconnection: A qf shall not operate electric generating equipment in parallel with the Company's electric system without the prior written consent of the Company. Formal application for interconnection shall be made by the qf prior to the installation of any generation related equipment. This application shall be accompanied by the following:

a. Physical layout drawings, including dimensions;

b. All associated equipment specifications and characteristics including technical parameters, ratings, basic impulse levels, electrical main one-line diagrams, schematic diagrams, system protections, frequency, voltage, current and interconnection distance;

c. Functional and logic diagrams, control and meter diagrams, conductor sizes and length, and any other relevant data which might be necessary to understand the proposed system and to be able to make a coordinated system;

d. Power characteristics in watts and vars;

e. Expected radio-noise, harmonic generation and telephone interference factor;

f. Synchronizing methods; and

g. Operating/instruction manuals.

Any subsequent change in the system must also be submitted for review and written approval prior to actual modification. The above mentioned review, recommendations and approval by the Company do not relieve the qf from complete responsibility for the adequate engineering design, construction and operation of the qf equipment and for any liability for injuries to property or persons associated with any failure to perform in a proper and safe manner for any reason.

Continued to Sheet No. 8.710

Continued from Sheet No. 8.705

6. **Personnel Safety:** Adequate protection and safe operational procedures must be developed and followed by the joint system. These operating procedures must be approved by both the Company and the qf. The qf shall be required to furnish, install, operate and maintain in good order and repair, and be solely responsible for, without cost to the Company, all facilities required for the safe operation of the generation system in parallel with the Company's system.

The qf shall permit the Company's employees to enter upon its property at any reasonable time for the purpose of inspection and/or testing the qf's equipment, facilities, or apparatus. Such inspections shall not relieve the qf from its obligation to maintain its equipment in safe and satisfactory operating condition.

The Company's approval of isolating devices used by the qf will be required to ensure that these will comply with the Company's switching and tagging procedure for safe working clearances.

a. **Disconnect switch:** A manual disconnect switch, of the visible load break type, to provide a separation point between the qf's generation system and the Company's system, shall be required. The Company will specify the location of the disconnect switch. The switch shall be mounted separate from the meter socket and shall be readily accessible to the Company and be capable of being locked in the open position with a Company padlock. The Company may reserve the right to open the switch (i.e., isolating the qf's generation system) without prior notice to the qf. To the extent practicable, however, prior notice shall be given.

Continued to Sheet No. 8.715

Continued from Sheet No. 8.715

iv. Any other event or act that is the result of, or proximately caused by a party.

For the purpose of this paragraph, the term party shall mean either the Company or qf, as the case may be.

c. Insurance: The qf shall deliver to the Company, at least fifteen (15) days prior to the start of any interconnection work, a certificate of insurance certifying the qf's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida naming the qf as named insured, and the Company as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering the liabilities accepted under this agreement arising out of the interconnection to the qf, or caused by operation of any of the qf's equipment or by the qf's failure to maintain its equipment in satisfactory and safe operating condition.

i. In subsequent years, a certificate of insurance renewal must be provided annually to the Company indicating the qf's continued coverage as described herein. Renewal certification shall be sent to:

Tampa Electric Company
Risk Management Department
P. O. Box 111
Tampa, FL 33601

ii. The policy providing such coverage for a Standard Offer Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than $1,000,000 for each occurrence; provided however, if qf has insurance with limits greater than the minimum limits required herein, the qf shall set any amount higher than the minimum limits required by the Company to satisfy the insurance requirements of this Agreement.

Continued to Sheet No. 8.725

Continued from Sheet No. 8.720

iii. The policy providing such coverage for a Negotiated Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than $1,000,000 for each occurrence. The Parties may negotiate the amount of insurance over $1,000,000.

iv. The above required policy shall be endorsed with a provision requiring the insurance company will notify the Company thirty (30) days prior to the effective date of cancellation or material change in said policy.

v. The qf shall pay all premiums and other charges due on said policy and keep said policy in force during the entire period of interconnection with the Company.

7. Protection and Operation: It will be the responsibility of the qf to provide all devices necessary to protect the qf's equipment from damage by the abnormal conditions and operations which occur on the Company system that result from interruptions and restorations of service by the Company's equipment and personnel. The qf shall protect its generator and associated equipment from overvoltage, undervoltage, overload, short circuits (including ground fault condition), open circuits, phase unbalance and reversal, over or under frequency condition, and other injurious electrical conditions that may arise on the Company's system and any reclose attempt by the Company.

The Company may reserve the right to perform such tests as it deems necessary to ensure safe and efficient protection and operation of the qf's equipment.

Continued to Sheet No. 8.730

Continued from Sheet No. 8.725

a. **Loss of source:** The qf shall provide, or the Company will provide at the qf's expense, approved protective equipment necessary to immediately, completely, and automatically disconnect the qf's generation from the Company's system in the event of a fault on the qf's system, a fault on the Company's system, or loss of source on the Company's system. Disconnection must be completed within the time specified by the Company in its standard operating procedure for its electric system for loss of a source on the Company's system.

This automatic disconnecting device may be of the manual or automatic reclose type and shall not be capable of reclosing until after service is restored by the Company. The type and size of the device shall be approved by the Company depending upon the installation. Adequate test data or technical proof that the device meets the above criteria must be supplied by the qf to the Company. The Company shall approve a device that will perform the above functions at minimal capital and operating costs to the qf.

b. **Coordination and Synchronization:** The qf shall be responsible for coordination and synchronization of the qf's equipment with the Company's electrical system, and assumes all responsibility for damage that may occur from improper coordination or synchronization of the generator with the Company's system.

c. **Electrical characteristics:** Single phase generator interconnections with the Company are permitted at power levels up to 20 KW. For power levels exceeding 20 KW, a three phase balanced interconnection will normally be required. For the purpose of calculating connected generation, 1 horsepower equals 1 kilowatt. The qf shall interconnect with the Company at the voltage of the available distribution or transmission line of the Company for the locality of the interconnection, and shall utilize one of the standard connections (single phase, three phase, wye, delta) as approved by the Company.

Continued to Sheet No. 8.735

Continued from Sheet No. 8.730

The Company may reserve the right to require a separate transformation and/or service for a qf's generation system, at the qf's expense. The qf shall bond all neutrals of the qf's system to the Company's neutral, and shall install a separate driven ground with a resistance value which shall be determined by the Company and bond this ground to the qf's system neutral.

d. **Exceptions** A qf's generator having a capacity rating that can:

i. Produce power in excess of one half of the minimum Company customer requirements of the interconnected distribution or transmission circuit; or

ii. produce power flows approaching or exceeding the thermal capacity of the connected Company distribution or transmission lines or transformers; or

iii. adversely affect the operation of the Company or other Company customer's voltage, frequency or overcurrent control and protection devices; or

iv. adversely affect the quality of service to other Company customers; or

v. interconnect at voltage levels greater than distribution voltages, will require more complex interconnection facilities as deemed necessary by the Company.

8. **Quality of Service:** The qf's generated electricity shall meet the following minimum guidelines:

a. **Frequency:** The governor control on the prime mover shall be capable of maintaining the generator output frequency within limits for loads from no-load up to rated output. The limits for frequency shall be 60 hertz (cycles per second), plus or minus an instantaneous variation of less than 1%.

b. **Voltage:** The regulator control shall be capable of maintaining the generator output voltage within limits for loads from no-load up to rated output. The limits for voltage shall be the nominal operating voltage level, plus or minus 5%.

Continued to Sheet No. 8.740

Continued from Sheet No. 8.735

c. Harmonics: The output sine wave distortion shall be deemed acceptable when it does not have a higher content (root mean square) of harmonics than the Company's normal harmonic content at the interconnection point.

d. Power Factor: The qf's generation system shall be designed, operated and controlled to provide reactive power requirements from 0.95 lagging to 0.95 leading power factor at the point of interconnection with Company. Induction generators shall have static capacitors that provide at least 95% of the magnetizing current requirements of the induction generator field. (Capacitors shall not be so large as to permit self-excitation of the qf's generator field).

e. DC Generators: Direct current generators may be operated in parallel with the Company's system through a synchronous invertor. The invertor must meet all criteria in these rules.

9. Metering: The actual metering equipment required, its voltage rating, number of phases, size, current transformers, potential transformers, number of inputs and associated memory is dependent on the type, size and location of the electric service provided. In situations where power may flow both in and out of the qf's system, power flowing into the qf's system will be measured separately from power flowing out of the qf's system.

The Company will provide, at no additional cost to the qf, the metering equipment necessary to measure capacity and energy deliveries to the qf. The Company will provide, at the qf's expense, the necessary additional metering equipment to measure capacity and energy deliveries by the qf to the Company.

10. Cost Responsibility: The qf is required to bear all costs associated with the change-out, upgrading or addition of protective devices, transformers,

Continued to Sheet No. 8.745

Continued from Sheet No. 8.740

lines, services, meters, switches, and associated equipment and devices beyond that which would be required to provide normal service to the qf if the qf were a non-generating customer. These costs shall be paid by the qf to the Company for all material and labor that is required. Prior to any work being done by the Company, the Company shall supply the qf with a written cost estimate of all its required materials and labor and an estimate of the date by which construction of the interconnection will be completed. This estimate shall be provided to the qf within 60 days after the qf provides the Company with its final electrical plans. The Company shall also provide project timing and feasibility informatior to the qf.

11. The Company shall submit, to the FPSC, a standard agreement for the interconnection by qfs as part of their Standard Offer contract or contracts required by FPSC Rule 25-17.0832(3), F.A.C.

Exhibit "C"

TAMPA ELECTRIC COMPANY

Cogeneration and Small Power Production
Proposed Tariff Sheets

(Legislative Format)

INDEX

COGENERATION AND SMALL POWER PRODUCTION

ISSUED BY: J. B. Ramil ~~K. S. Surgenor~~, President DATE EFFECTIVE: ~~September 13, 1994~~

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES (QUALIFYING FACILITIES)

SCHEDULE
COG-1, As-Available Energy

AVAILABLE
Tampa Electric Company will purchase energy offered by any Qualifying Facility irrespective of its location, which is directly or indirectly interconnected with the Company, under the provisions of this schedule or at contract negotiated rates. Tampa Electric Company will negotiate and may contract with a Qualifying Facility, irrespective of its location, which is directly or indirectly interconnected with the Company where such negotiated contracts are in the best interest of the Company's ratepayers.

APPLICABLE
To any cogeneration or small power production Qualifying Facility producing energy for sale to the Company on an As-Available basis. As-Available Energy is described by the Florida Public Service Commission (FPSC) Rule 25-17.0825, Florida Administrative Code (F.A.C.), and is energy produced and sold by a Qualifying Facility on an hour-by-hour basis for which contractual commitments as to the time, quantity, or reliability of delivery are not required. Because of the lack of assurance as to the quantity, time, or reliability of delivery of As-Available Energy, no Capacity Payment shall be made to a Qualifying Facility for delivery of As-Available Energy. Criteria for achieving Qualifying Facility status shall be those set out in FPSC Rule 25-17.080.

CHARACTER OF SERVICE
Purchases within the territory served by the Company shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage. Purchases from outside the territory served by the Company shall be three phase, 60 Hertz, alternating current at the voltage level available at the interchange point between the Company and the entity delivering As-Available Energy from the Qualifying Facility.

Continued to Sheet No. 8.030

Continued from Sheet No. 8.020

LIMITATIONS

All service pursuant to this schedule is subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.091, F.A.C.

RATES FOR PURCHASES BY THE COMPANY

A. **Capacity Rates**

Capacity payments to Qualifying Facilities will not be paid under this schedule. Capacity payments to small Qualifying Facilities of less than 75 MWs or Solid Waste Facilities may be obtained under either a Standard Offer Contract as described in Schedule COG-2, Firm Capacity and Energy or a negotiated contract.

Capacity payments to Qualifying Facilities of 75 MWs or greater may only be obtained under a negotiated contract as described in FPSC Rule 25-17.0832.

B. **Energy Rates**

As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour (¢/KWH), based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C.

Avoided energy costs include incremental fuel, identifiable variable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. The calculation of payments to the Qualifying Facility shall be based on the energy deliveries from the Qualifying Facility to the Company and the applicable avoided energy rate, in accordance with FPSC Rule 25-17.082, F.A.C. All sales shall be adjusted for losses from the point of metering to the point of interconnection.

The methodology to be used in the calculation of the avoided energy cost is described in Appendix A.

C. **Negotiated Rates**

Upon agreement by both the Company and the Qualifying Facility, an alternate contract rate for the purchase of As-Available Energy may be separately negotiated.

Continued to Sheet No. 8.040

TAMPA ELECTRIC COMPANY

TWENTY-FIFTH REVISED SHEET NO. 8.040
~~TWENTY-FOURTH~~
CANCELS TWENTY-FOURTH REVISED SHEET NO. 8.040
~~TWENTY-THIRD~~

Continued from Sheet No. 8.030

ESTIMATED AS-AVAILABLE AVOIDED ENERGY COST

Upon request by a qualifying facility or any interested person, the Company shall provide within 30 days its most current projections of its generation mix, fuel price by type of fuel, and at least a five year projection of fuel forecasts to estimate future as-available energy prices as well as any other information reasonably required by the qualifying facility to project future avoided cost prices including, but not limited to, a 24 hour advance forecast of hour-by-hour avoided energy costs. The Company may charge an appropriate fee, not to exceed the actual cost of production and copying, for providing such information.

RESERVED FOR FUTURE USE

Continued to Sheet No. 8.050

ISSUED BY: J. B. Ramil ~~K. S. Surgenor~~, President

DATE EFFECTIVE: ~~April 1, 1996~~

Continued from Sheet No. 8.040

DELIVERY VOLTAGE ADJUSTMENT

For purchases from Qualifying Facilities directly interconnected to the Company, the Company's actual hourly avoided energy costs shall be adjusted according to the delivery voltage by the following multipliers:

Rate Schedule	Adjustment Factor
RS, GS	1.0616
GSD, GSLD, SBF	1.0561
IS-1, IS-3	1.0254
SBI-1, SBI-3	1.0254

For purchases from Qualifying Facilities not directly interconnected to the Company, any adjustments to the Company's actual hourly avoided energy costs for delivery voltage will be determined based on the Company's current annual system average transmission loss factor.

METERING REQUIREMENTS

The Qualifying Facility within the territory served by the Company shall be required to purchase from the Company the metering equipment necessary to measure its energy deliveries to the Company. Energy purchased from Qualifying Facilities outside the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering As-Available Energy to the Company. Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period.

Hourly recording meters shall be required for Qualifying Facilities with an installed capacity of 100 kilowatts or more. Where the installed capacity is less than 100 kilowatts, the Qualifying Facility may select any one of the following options: (a) an hourly recording meter, (b) a dual kilowatt-hour register time-of-day meter, or (c) a standard kilowatt-hour meter.

For Qualifying Facilities with hourly recording meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the Company's actual As-Available Energy Payment Rate for each hour during the month; and (2) the quantity of energy sold by the Qualifying Facility during that hour.

For Qualifying Facilities with dual kilowatt-hour register time-of-day meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly As-Available Energy Payment Rates for the on-peak and off-peak periods during the month; and (2) the quantity of energy sold by the Qualifying Facility during that period.

Continued to Sheet No. 8.060

Continued from Sheet No. 8.050

For Qualifying Facilities with standard kilowatt-hour meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly As-Available Energy Payment Rate for the off-peak periods during that month; and (2) the quantity of energy sold by the Qualifying Facility during that month.

For a time-of-day metered Qualifying Facility, the on-peak hours occur Monday through Friday except holidays, April 1 - October 31 from 12 noon to 9:00 p.m. and November 1 - March 31 from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m.. All hours not mentioned above and all hours of the holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day are off-peak hours.

BILLING OPTIONS

The Qualifying Facilities may elect to make either simultaneous purchases and sales or net sales. The billing option elected may only be changed in accordance with FPSC Rule 25-17.082:

1. when the Qualifying Facility selling As-Available Energy enters into a negotiated contract or standard offer contract for the sale of Firm Capacity and Energy; or
2. when a Firm Capacity and Energy contract expires or is lawfully terminated by either the Qualifying Facility or Tampa Electric Company; or
3. when the Qualifying Facility is selling As-Available Energy and has not changed billing methods within the last twelve months; and
4. when the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or any contract between the Qualifying Facility and Tampa Electric Company.

If the Qualifying Facility elects to change billing methods in accordance with FPSC Rule 25-17.082, such a change shall be subject to the following provisions:

1. upon at least thirty (30) days advance written notice;

Continued to Sheet No. 8.061

Continued from Sheet No. 8.060

2. upon the installation by Tampa Electric Company of any additional metering equipment reasonably required to effect the change in billing and upon payment by the Qualifying Facility for such metering equipment and its installation; and

3. upon completion and approval by Tampa Electric Company of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the Qualifying Facility for such alterations.

Should a Qualifying Facility elect to make simultaneous purchases and sales, purchases of electric service by the Qualifying Facility from the interconnecting utility shall be billed at the retail rate schedule under which the Qualifying Facility load would receive service as a non-generating customer of the utility; sales of electricity delivered by the Qualifying Facility to the purchasing utility shall be purchased at the utility's avoided capacity and energy rates, where applicable, in accordance with Rules 25-17.0825 and 25-17.0832.

Should a Qualifying Facility elect a net billing arrangement, the hourly net energy sales delivered to the purchasing utility shall be purchased at the utilities avoided capacity and energy rates, where applicable, in accordance with Rules 25-17.0825 and 25-17.0832, purchases from the interconnecting utility shall be billed pursuant to the utility's applicable standby and supplemental service rate schedule.

Continued to Sheet No. 8.070

Continued from Sheet No. 8.061

CHARGES/CREDITS TO QUALIFYING FACILITY

A. Customer Charges

A monthly Customer Charge will be rendered for maintaining an account for a Qualifying Facility engaged in either an As-Available Energy or Firm Capacity and Energy transaction and for other applicable administrative costs. Actual charges will depend on how the QF is interconnected to the Company.

QFs not directly interconnected to the Company, will be billed $580 monthly as a Customer Charge.

Monthly customer charges, applicable to QFs directly interconnected to the Company, by Rate Schedule are:

Rate Schedule	Customer Charge	Rate Schedule	Customer Charge
RS	$ 8.50	RST	$ 11.50
GS	8.50	GST	11.50
GSD	42.00	GSDT	49.00
GSLD	255.00	GSLDT	255.00
SBF	280.00	SBFT	280.00
IS-1	1,000.00	IST-1	1,000.00
IS-3	1,000.00	IST-3	1,000.00
SBI-1	1,025.00	SBIT-1	1,025.00
SBI-3	1,025.00	SBIT-3	1,025.00

When appropriate, the Customer Charge will be deducted from the Qualifying Facility's monthly payment. A statement of the charges or payments due the Qualifying Facility will be rendered monthly. Payment normally will be made by the twentieth business day following the end of the billing period.

Continued to Sheet No. 8.071

Continued from Sheet No. 8.070

B. Interconnection Charge for Non-Variable Utility Expenses:
The Qualifying Facility shall bear the cost required for interconnection including the metering. The Qualifying Facility shall have the option of payment in full for interconnection or making equal monthly installment payments over a thirty-six (36) month period together with interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate to be determined by the Company thirty (30) days prior to the date of each payment.

C. Interconnection Charge for Variable Utility Expenses
The Qualifying Facility shall be billed monthly for the cost of variable utility expenses associated with the operation and maintenance of the interconnection. These include: **(a)** the Company's inspections of the interconnection and **(b)** maintenance of any equipment beyond that which would be required to provide normal electric service to the Qualifying Facility if no sales to the Company are involved.

Continued to Sheet No. 8.080

Continued from Sheet No. 8.071

D. Taxes and Assessments

The Qualifying Facility shall be billed monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its purchases of As-Available Energy produced by the Qualifying Facility.

If the Company obtains any tax savings as a result of its purchases of As-Available Energy produced by the Qualifying Facility, which tax savings would not have otherwise been obtained, those tax savings shall be credited to the Qualifying Facility.

TERMS OF SERVICE

1) It shall be the Qualifying Facility's responsibility to inform the Company of any change in its electric generation capability.

2) Any electric service delivered by the Company to the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.

3) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C. and the following:

   A) In the first year of operation, the security deposit shall be based upon the singular month in which the Qualifying Facility's projected purchases from the utility exceed, by the greatest amount, the utility's estimated purchases from the Qualifying Facility. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit shall be required upon interconnection.

   B) For each year thereafter, a review of the actual sales and purchases between the Qualifying Facility and the utility shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Qualifying Facility exceed the actual sales to the utility in that month.

Continued to Sheet No. 8.090

Continued from Sheet No. 8.080

4) The company shall specify the point of interconnection and voltage level.

5) The Company will, under the provisions of this schedule, require an interconnection agreement with the Qualifying Facility using either the Company's filed Interconnection Agreement or a negotiated Interconnection Agreement. The Qualifying Facility shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, and may require modifications to the Company's General Standards for Safety and Interconnection where applicable.

6) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

SPECIAL PROVISIONS

1) Negotiated contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.

2) In accordance with the provision in Rule 25-17.0883, the Company is required to provide transmission and distribution service to enable a retail customer to transmit electrical power generated at one location to the customer's facilities at another location when provision of such service and its associated charge, terms, and other conditions are not reasonably projected to result in higher cost of electric service to the Company's general body of retail and wholesale customers or adversely affect the adequacy or reliability of electric service to all customers.

   A determination of whether or not transmission service for self-service wheeling is likely to result in higher cost electric service will be made by evaluating the results of an appropriately adjusted FPSC approved cost effectiveness methodology, in addition to other modeling analyses.

3) In accordance with Rule 25-17.089, upon request by a Qualifying Facility, Tampa Electric Company shall provide transmission service to wheel As-Available Energy produced by a Qualifying Facility from the Qualifying Facility to another electric utility.

Continued to Sheet No. 8.100

Continued from Sheet No. 8.090

4) Where existing Company transmission capacity exists, the Company will impose a charge for wheeling Qualifying Facility energy, measured at the point of delivery to the Company. The rates, terms, and conditions for such transmission service shall be those approved by the Federal Energy Regulatory Commission.

5) The Company's actual rates for providing transmission service will be determined on an individually negotiated case-by-case basis in order to allow for variations in providing such service under different circumstances. The Company will provide, upon request, estimates of the availability and cost and terms and conditions of providing the specified desired transmission wheeling service.

6) The Qualifying Facility shall be responsible for all costs associated with such wheeling and the Company will recover such costs from the Qualifying Facility including:

   a) Wheeling charges
   b) Line losses incurred by the Company
   c) Inadvertent energy flows resulting from such wheeling.

7) Energy delivered to the Company shall be adjusted before delivery to another utility as follows:

Qualifying Facility Rate Schedule	Adjustment Factor
RS, GS	0.9438
GSD, GSLD, SBF	0.9494
IS-1, IS-3, SBI-1, SBI-3	0.9814

8) The Company may deny, curtail, or discontinue transmission service to a Qualifying Facility on a non-discriminatory basis if the provision of such service would adversely affect the safety, adequacy, reliability, or cost of providing electric service to the Company's general body of retail and wholesale customers.

METHODOLOGY TO BE USED IN THE CALCULATION OF AVOIDED ENERGY COST SCHEDULE COG-1 APPENDIX A

The methodology Tampa Electric (TEC) has implemented in order to determine the appropriate avoided energy costs and any payments thereof to be rendered to qualifying facilities (QFs) is consistent with the provisions of Order No. 23625 in Docket No. 891049-EU, issued on October 16, 1990, and with the Amendment of Rules 25-17.080 et seq, Florida Administrative Code.

The avoided energy costs methodology used to determine payments to Qualified Facilities (QFs) on an hourly basis is based on the incremental cost of fuel using the average price of replacement fuel purchased in excess of contract minimums and is further described in Exhibit #1. Generally, avoided energy costs are defined to include incremental fuel, identifiable variable operation and maintenance expenses, identifiable variable purchase power cost, and an adjustment for line losses reflecting delivery voltage.

Under normal conditions the Company will have additional generation resources available which can carry its native load and firm interchange sales without the QF's contribution. When this is the case and the QF is present, the incremental fuel portion of the avoided energy cost is equal to the difference between TEC's production cost at two load levels, with and without the QFs' contribution.

In those situations where the Company's available maximum generation resources not including its minimum spinning reserves are insufficient to carry its native load and firm interchange sales, in the absence of the QF contribution, TEC's incremental fuel component of the avoided energy cost will be determined by:

1) system lambda - if "off-system purchases" are not being made and all available generation has been dispatched; or

2) the highest incremental cost of any "off-system purchases" that are being made for native load.

Examples of these situations are found in Exhibits #3-#6.

Continued to Sheet No. 8.102

Continued from Sheet No. 8.101

The as-available avoided energy cost, as determined by this methodology, is priced at a level not to exceed Tampa Electric's incremental fuel and identifiable variable operating and maintenance (O&M) expenses including the cost of any off-system purchases for native load.

Parameters For Determining As-Available Avoided Energy Costs
Tampa Electric Company uses production costing methods for determining avoided energy cost payments to qualifying facilities (QFs). Computerized production costing is accomplished on an hourly basis. The parameters used are as follows:

1. The system load is the actual system load at the Hour Ending with the clock hour (HE).

2. The first allocation of load for production costing is to those units that are base loaded at a certain level for operating reasons. The remainder of the load is allocated to units available for economic dispatch through the use of incremental cost curves.

3. The fuel costs associated with each of Tampa Electric's units operating at its allocated level of generation is determined by using the individual units input/output equation, its heat rate performance factor, and the composite price of supplemental fuel.

4. The Company's own production cost for each hour of operation at a particular generation level equals the sum of the individual units' fuel cost for that hour. The production cost, thus determined, consists of the composite price of replacement fuel based on supplemental purchases and the incremental heat rate for the generating system.

5. The Company's total cost equals its own production cost (4. above), identified variable O&M, plus the cost of any off-system purchases to serve native load.

6. Native load includes all firm and non-firm retail load.

7. The cost of off-system firm and non-firm variable purchases is defined as the highest energy cost energy block purchased for native load during the hour; i.e., SCHEDULES A, B, C, D, X, J, UPP (Unit Power Purchase).

8. Firm interchange sales are included in production cost calculations.

Continued to Sheet No. 8.103

Continued from Sheet No. 8.102

9. The Company's available maximum generation resources in this methodology is defined as the maximum capacity less spinning reserve requirements.

10. The "Standard Tariff Block" is defined to be an x-megawatt (XMW) block equivalent to the combined actual hourly generation delivered to Tampa Electric from all QFs making as-available energy sales to Tampa Electric. In the absence of metered information on exports from a QF making as-available energy sales to Tampa Electric, an estimate of the hourly exports from that Facility will be used, rounded to the nearest 5 MW and then added to the sum of all other known as-available energy purchases for that hour.

Supplemental Fuel

The term "supplemental fuel" refers to that fuel purchased in excess of Tampa Electric's long-term contract minimum requirements. As illustrated in Exhibit #1, supplemental fuel can be composed of contract fuel purchases above minimums and fuel purchases on the spot market. When spot prices are lower than prices for minimum tonnages on long term contract purchases, spot prices are "supplemental." Under market conditions where spot prices are greater than the price of coal purchased under contract, it is economical for Tampa Electric to purchase more than the contract minimums. In this instance the supplemental price is a combination of the contract price of coal above minimum contract requirements and any coal purchased on the spot market. The company looks to the supplemental fuel for purposes of incremental pricing to determine the level of as-available energy payments because contract minimum purchases are a fixed expense.

Supplemental fuel is composed of contract fuel purchases above minimum levels and fuel purchases on the spot market. Tampa Electric pursues the least expensive alternative whether it be spot purchases or purchases of contract coal above the contract minimum, or a mixture of both. The supplemental fuel price is calculated by weight averaging all of the supplemental fuel purchases, by fuel type, during the preceding month. A Supplemental Fuel Cost Worksheet is shown in Exhibit #2.

With regard to oil-fired generation, Tampa Electric treats all of its oil purchases as supplemental fuel inasmuch as it has no contract minimums. For graphic portrayal of Tampa Electric's definition of supplemental fuel see Exhibit #1 attached.

Continued to Sheet No. 8.104

Continued from Sheet No. 8.103

Avoid Energy Cost Calculations

Example: #1 No Off-System Purchases, TEC's Generation Is Capable Of Carrying Its Native Load and Firm Sales.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis when no off-system purchases are taking place is as follows:

In these instances, the price per megawatt hour ($/MWH) that Tampa Electric will pay the QFs is determined by calculating the production cost at two load levels.

This first calculation determines TEC's production cost "without" the benefit of cogeneration.

The second calculation determines TEC's production cost "with" the benefit of cogeneration.

After each of the two calculations are mada, the avoided energy cost rate is calculated by dividing the difference in production cost between the two calculations described above by the "Standard Tariff Block." [The "Standard Tariff Block" is defined to be an x-megawatt (XMW) block equivalent to the combined actual hourly generation delivered to TEC from all QFs making as-available energy sales to Tampa Electric. In the absence of metered information on exports from a QF making as-available energy sales to Tampa Electric an estimate of the hourly exports from that Facility will be used, rounded to the nearest 5 MWs and then added to the sum of the other as-available purchases for that hour. Prior to the in-service date of the appropriate designated avoided unit, firm energy sales will be equivalent to as-available sales. Beginning with the in-service data of the appropriate designated avoided unit, firm energy purchases from QFs shall be treated as "as-available" energy for the purposes of determining the XMW block size only during the periods that the appropriate designated avoided unit would not be operated.] The difference in production costs divided by the XMW block determines the As-Available Energy Payment Rate (AEPR) for the hour. The AEPR will be applied to the "Actual" QF megawatts purchased during the hour to determine payment to each QF supplying as-available energy, and each QF supplying firm energy in those instances where the avoided unit would not have been operated during the hour. See Exhibit #3 (Example #1).

Continued to Sheet No. 8.105

Continued from Sheet No. 8.104

Example #2 Off-System Purchases Are Not Being Made. TEC's Generation Can Only Carry Its Native Load and Firm Sales With The QF Contribution.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis whenever Tampa Electric is not purchasing off-system interchange is as follows:

In this instance, the avoided energy cost that Tampa Electric will pay the QFs will be determined by calculating the production cost at the last MW load level. The avoided energy cost is the production cost at system lambda. See Exhibit #4. (Example #2a)

In the situation where TEC's generation is not fully dispatched, and additional generation capability is available to price a portion of the QF block, then the QF block will be priced at a combination of the difference between TEC's production cost at two load levels as previously defined and at system lambda. See Exhibit #5. (Example #2b)

Example #3 Off-System Purchases Are Being Made To Serve Native Load.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis whenever Tampa Electric is making off-system purchases for native load is as follows:

In this instance, the price per MWH that Tampa Electric will pay is determined by applying the highest incremental cost of the off-system purchases to the QF block. See Exhibit #6. (Example #3)

Line Loss Credit

A credit for avoided line losses reflecting the voltage at which generation by the QFs is received is included in Tampa Electric's procedure for the determination of incremental avoided energy cost associated with as-available energy. Tampa Electric uses the loss factors used in the Fuel and Purchase Power Cost Recovery Clause for calculating the compensation for avoided line losses at the transmission and distribution system voltage levels based upon the appropriate classification of service.

Example: (Firm Standby Time-of-Day)

Continued to Sheet No. 8.106

Continued from Sheet No. 8.105

Actual Incremental Hourly Avoided Energy Cost is:
$14.80/MWH
Adjustment Factor for Line Losses:
1.0555

The Actual Incremental hourly avoided Energy Cost adjusted for avoided line losses associated with as-available energy provided to Tampa Electric would then become, in this example, $15.62/MWH.

"Identifiable" Incremental Variable O&M

A procedure for approximating the "identifiable" incremental variable O&M expenses is included in Tampa Electric's methodology for the determination of incremental avoided energy costs associated with as-available energy.

The calculation of the variable O&M expense component associated with as-available energy is made annually in accordance with a system that differentiates actual annual total O&M costs into estimates of both fixed and variable components. This procedure, developed by the Electric Power Research Institute, was published in their Technical Assessment Guide (TAG) Special Report, dated May 1982, (EPRI P-2410-SR).

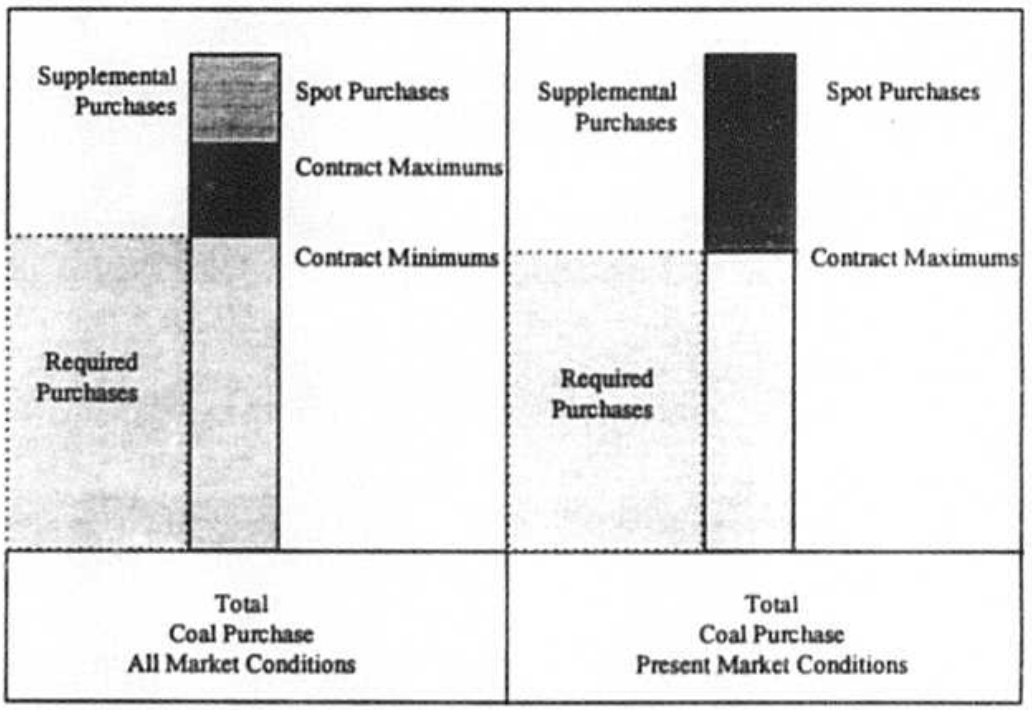
The EPRI-TAG assumptions provide an easily used and useful formula that approximates a fair payment for avoided variable O&M expenses. As such, it can be easily calculated and monitored using readily available information.
Once identified, based on the previous year's actual total O&M cost for coal-fired generation, the incremental avoided energy cost associated with as-available energy is adjusted to compensate for these variable expenses. (See Exhibit #7).

Continued to Sheet No. 8.107

Continued from Sheet No. 8.106

EXHIBIT #1

REQUIRED AND SUPPLEMENTAL COAL PURCHASES
UNDER DIFFERENT MARKET CONDITIONS



Continued to Sheet No. 8.108

Continued from Sheet No. 8.107

EXHIBIT #2

SUPPLEMENTAL FUEL COST WORKSHEET

Revised December 1988

UNITS DELIVERED	SUPPLIER C/MMBTU	SUPPLEMENTAL COAL COST $/TON	INCREMENTAL TRANS. COST $/TON	TOTAL $/TON	AUGUST AVERAGE BTU/LB	AUGUST AVERAGE C/MMBTU	AUGUST TONS	SUPPLEMENT FUEL COST
Gannon 1-4	A			$45.30				177.50
Gannon 5&6	B			$45.48				176.44
Big Bend 1&2	C			$29.22				123.13
	D			$31.67				
	E			$32.08				
			Average	$29.87				
Big Bend 3[1]	F			$50.55				173.67
			Blended Average	$42.28				
Big Bend 4	G			$41.70				181.31
	H			$37.21				
			Average	$41.11				
#2 Oil	I			$19.41/BBL				334.64

[1] Revised: Big Bend Unit #3 is burning a 60/40 blend of blend/standard coal.

Continued to Sheet No. 8.109

Continued from Sheet No. 8.108

EXHIBIT #3

Example #1 **No Off-System Purchases, TEC's Generation Is Capable Of Carrying Its Native Load and Firm Sales.**

Given:

Actual QF Energy = 50 MWs
TEC's Maximum Available Generation = 1560 MWs
Native Load = 1550 MWs
Firm Sales = 10 MWs

First Calculation ("WITHOUT" QF):

Production Cost at 1560 MWs = $20,275/Hour

Second Calculation ("WITH" QF):

Production Cost at 1510 MWs = $19,500/Hour

Third Calculation (QF Rate $/MWH):

Actual Hourly Avoided Energy Cost =
($20,275/Hour - $19,500/Hour) / (50MW)

or

As-Available Energy Payment Rate (AEPR) = $15.50/MWH

Continued to Sheet No. 8.110

Continued from Sheet No. 8.109

EXHIBIT #4

Example #2a **Off-System Purchases Are Not Being Made. TEC's Generation Can Carry Its Native Load and Firm Sales Only With The QF Contribution.**

Given:

Actual QF Energy = 50 MWs
TEC's Maximum Available Generation = 1460 MWs
Native Load = 1500 MWs
Firm Sale = 10 MWs

First Calculation:

Production Cost at 1460 MWs = $18,900/Hour

Second Calculation:

Production Cost at 1459 MWs = $18,882.50/Hour

Third Calculation (QF Rate $/MWH):

Actual Hourly Avoided Energy Cost at 1 MW (System Lambda[1]) = ($18,900/Hour - $18,882.50/Hour) / (1 MW)

or

As-Available Energy Payment Rate (AEPR) = $17.50/MWH

NOTE:

[1] In this example, System Lambda is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.111

Continued from Sheet No. 8.110

EXHIBIT #5

Example #2b **Off-System Purchases Are Not Being Made to Serve Native Load and Firm Sales. Available Generation Capacity Is Not Fully Dispatched. Without the QF's Contribution, TEC's Native Load and Firm Sales Can Be Carried Only With Additional Power Purchases.**

Given:
Actual QF Energy = 50 MWs
TEC's Maximum Available Generation = 1530 MWs
TEC's Actual Generation = 1500 MWs
Native Load = 1540 MWs
Firm Sale = 10 MWs

Step 1 (Calculations for First 30 MWs)
First Calculation ("WITHOUT" QF):
Production Cost at 1530 MWs = $20,590/Hour
Second Calculation ("With" QF):
Production Cost at 1500 MWs = $20,050/Hour
Third Calculation:
Actual Hourly Avoided Energy Cost at 30 MWs =
($20,590/Hour) - ($20,050/Hour) = $540/Hour

Step 2 (Calculations for Remaining 20 MWs)
First Calculation:
Production Cost at 1530 MWs = $20,590/Hour
Second Calculation:
Production Cost at 1529 MWs = $20,571.50/Hour
Third Calculation:
Actual Hourly Avoided Energy Cost at 1 MW (System Lambda[1]) for 20 MWs =
($20,590/Hour - $20,571.50/Hour) X (20 MWs) = $370/Hour

Step 3 (Calculation of Composite Rate for Total 50 MW Block)
Composite Actual Hourly Avoided Energy Cost of 50 MW Block =
$540 + $370 / 50 MW
or
As-Available Energy Payment Rate (AEPR) = $13.20/MWH

NOTE:
[1] In this example, System Lambda is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

Continued to Sheet No. 8.112

Continued from Sheet No. 8.111

EXHIBIT #6

Example #3 **Off-System Purchases Are Being Made, TEC's Native Load and Firm Sales Can Be Carried Only With Additional Purchase Power**

Given:

Actual QF Energy = 50 MWs
TEC's Maximum Available Generation = 1500 MWs
TEC's Actual Generation = 1500 MWs
Native Load = 1540 MWs
Firm Sales = 20 MWs
Off-System Purchases[1] = 10 MWs Costing $400/Hour

Actual Incremental Hourly Avoided Energy Cost = $400 / 10 MW

or

AEPR = $40/Hour

NOTE:

[1] Off-System Purchase shall be the highest cost purchased energy block bought during the hour for native load.

Continued to Sheet No. 8.113

Continued from Sheet No. 8.112

EXHIBIT #7

The calculation of the variable O&M cost adjustment factor associated with as available energy is made once each year, based on the previous year's actual total O&M cost for coal-fired generation, in accordance with the procedure found in the Technical Assessment Guide dated May 1982, published by the Electric Power Research Institute (EPRI P-2410-SR). The formula assumes the fixed portion of total annual O&M dollars equals the capacity factor (%) times the total annual O&M dollars. The variable portion is (1 - capacity factor) times the total annual O&M dollars. The capacity factor is based on the total period hours less those hours the units are off line due to economic dispatch for low load periods. Continuing the logic further, the adjustment factor to be added to the avoided energy cost equals the variable rate as determined annually and applied in the form of an hourly adjustment to the actual incremental hourly avoided energy cost.

Example Given:	1983 TEC Coal Generation	MW	
1) Big Bend	1	367	
	2	362	
	3	375	
	3	10	upgrade
Gannon	5	218	
	6	351	
	4	169	conversion

MW available per unit from net generation listed in the System Data Book for the same time period:

2) Coal Generation 1983 = 10,493,266 MWH

3) O&M for coal 1983 = $35,320,252

Continued to Sheet No. 8.114

Continued from Sheet No. 8.113

EXHIBIT #7 - continued

ESTIMATED
1983 VARIABLE O&M RATE CALCULATION

		(MW)		(Hours)	(MWH)
Big Bend	1	367	@	8760	3,214,920
	2	362	@	8760	3,171,120
	3	375	@	8760	3,285,000
Upgrade	3	10	@	2208	22,080
Gannon	5	218	@	8760	1,909,680
	6	351	@	8760	3,074,760
Conversion to Coal	4	169	@	2208	373,152
TOTAL					15,050,712
Generation (1983 Actual for Coal)					10,493,266

Average Coal Capacity Factor = $\frac{10,493,266}{15,050,712}$ X 100%

= 69.72%

Total O&M for Coal = $35,320,252

Variable Component = $35,320,252 X (1 - .6972)

= $10,694,972

Estimated Variable O&M Cost[1] = $\frac{10,694,772}{10,493,266}$ = $1.02/MWH

1 Was added to 1984's actual incremental hourly avoided energy cost, after approval by the FPSC.

TAMPA ELECTRIC COMPANY

SIXTH ~~FIFTH~~ REVISED SHEET NO. 8.200
CANCELS ~~FIFTH FOURTH~~ REVISED SHEET NO. 8.200

STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM SMALL QUALIFYING FACILITIES OR MUNICIPAL SOLID WASTE FACILITIES

SCHEDULE: COG-2, Firm Capacity and Energy

AVAILABLE: Tampa Electric Company, herein after referred to as the "Company," will purchase Firm Capacity and Energy offered by any qualifying facility or municipal solid waste facility to which a Standard Offer Contract is available under Florida Public Service Commission (FPSC) Rule 25-17.0832(4)(a), Florida Administrative Code (F.A.C.). Unless specifically referred to, small "qualifying facilities" and "municipal solid waste facilities" may jointly be referred to as "qfs." The Company has designated a 180 megawatt (MW) (winter rating) natural gas fired combustion turbine generating unit with an in-service date of January 1, 2001, as its next Designated Avoided Unit. Until such time as the Designated Avoided Unit subscription limits have been fully and acceptably subscribed or the term of the Company's Standard Offer Contract has expired, the Company will accept Firm Capacity and Energy offered by any qf under the provisions of this schedule.

The Company will negotiate and may contract with any qualifying facility as defined in FPSC Rule 25-17.080, F.A.C., irrespective of its location, which is either directly or indirectly interconnected with the Company, for the purchase of Firm Capacity and Energy pursuant to terms and conditions which deviate from this schedule where such negotiated contracts are in the best interest of the Company's ratepayers.

APPLICABLE: To any qf to which Standard Offer Contracts are available under FPSC Rule 25-17.0832(4)(a), F.A.C., irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's Standard Offer Contract or a separately negotiated contract.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.205

ISSUED BY: J. B. Ramil ~~K. S. Surgenor~~, President

DATE EFFECTIVE: ~~September 13, 1994~~

Continued from Sheet No. 8.200

Firm Capacity and Energy are described in FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a qf pursuant to a negotiated or Standard Offer Contract and subject to certain contractual provisions as to quantity, time and reliability of delivery. Criteria for achieving qualifying facility or municipal solid waste facility status shall be those set out in FPSC Rules 25-17.080, 25-17.082(4)(a), and 25-17.091, F.A.C., as applicable.

CHARACTER OF SERVICE: Purchases within the territory served by the Company shall be, at the option of the Company, single or three phase, 60 Hertz, alternating current at any available standard Company voltage. Purchases from outside the territory served by the Company shall be three phase, 60 Hertz, alternating current at the voltage level available at the interchange point between the Company and the entity delivering Firm Capacity and Energy from the qualifying facility or municipal solid waste facility.

LIMITATIONS: Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System," "NERC Planning Standards," September 1997, [Copyright @ 1997 by the North American Electric Reliability Council] that are applicable to generation and transmission facilities which are connected to, or being planned to be connected to the Company's transmission system (document provided upon request) and to FPSC Rules 25-17.080 through 25-17.091, F.A.C. and are limited to those qfs which are defined by FPSC Rule 25-17.082(4)(a), F.A.C. and which:

1. execute a Company Standard Offer Contract by the closure of the open-season and evaluation period defined herein, for the Company's purchase of Firm Capacity and Energy; and

2. commit to commence deliveries of Firm Capacity and Energy no later than January 1, 2001, and to continue such deliveries through at least December 31, 2010; and

3. provide capacity which would not result in the Company's 180 MW subscription limit on capacity being exceeded.

RATES FOR PURCHASES BY THE COMPANY: Firm Capacity and Energy are purchased at unit costs, in dollars per kilowatt per month ($/kW/month) and cents per kilowatt-hour (¢/kWh), respectively, based on the value of deferring additional Company generating capacity.

Continued to Sheet No. 8.210

Continued from Sheet No. 8.205

For the purpose of this schedule, the Avoided Unit has been designated by the Company as a 180 MW combustion turbine generating unit with an in-service date of January 1, 2001. Appendix A of this schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's Standard Offer Contract pursuant to FPSC Rules 25-17.080 through 25-17.091, F.A.C.

1. **Firm Capacity Rates:** Four options (i.e. Options 1, 2, 3, and 4, as set forth below) are available for payment of Firm Capacity which is produced by the qf and delivered to the Company. Once selected, the selected option shall remain in effect for the term of the contract with the Company. Exemplary payment schedules, shown on sheets following this section, contain the monthly rate per kilowatt (kW) of Firm Capacity the qf has contractually committed to deliver to the Company and are based on a minimum contract term which extends ten (10) years beyond the in-service date of the Designated Avoided Unit (i.e., through December 31, 2010). Payment schedules for longer contract terms will be made available to a qf upon request and may be calculated based on the methodologies described in Appendix A. At a maximum, Firm Capacity and Energy shall be delivered for a period of time equal to the anticipated plant life of the Designated Avoided Unit, commencing with the in-service date of the Designated Avoided Unit.

Option 1 - Value of Deferral Capacity Payments: Value of Deferral Capacity Payments shall commence on January 1, 2001, the in-service date of the Designated Avoided Unit, provided the qf is delivering Firm Capacity and Energy to the Company in accordance with the Minimum Performance Standards (MPS) as described in Appendix C. Capacity payments under this option shall consist of monthly payments, escalating annually of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit and shall be equal to the value of the year-by-year deferral of the Designated Avoided Unit, calculated in conformance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.215

Continued from Sheet No. 8.210

Option 2 - Early Capacity Payments: Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit with an in-service date of January 1, 2001. The earliest date that Early Capacity Payments can be received by a qf shall be the execution date of the Standard Offer Contract as provided in the Company's tariff. This is an approximation of the lead time required to site and construct the Designated Avoided Unit. The qf shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start. Early Capacity Payments shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit. Avoided Capacity Payments shall be calculated in conformance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A. At the option of the qf, Early Capacity Payments may commence at any time after the specified earliest capacity payment date and before the in-service date of the Designated Avoided Unit provided the qf is delivering Firm Capacity and Energy to the Company in accordance with the Minimum Performance Standards as described in Appendix C. Where Early Capacity Payments are elected, the cumulative present value of the capacity paid to the qf over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the qf had such payments been made pursuant to Option 1.

Option 3 - Levelized Capacity Payments: Levelized Capacity Payments shall commence on January 1, 2001, the in-service date of the Designated Avoided Unit, provided the qf is delivering Firm Capacity and Energy to the Company in accordance with the Minimum Performance Standards as described in Appendix C. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A. The fixed operation and maintenance expense portion of the capacity payment shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expenses associated with the Designated Avoided Unit calculated in conformance with Appendix A. Where Levelized Capacity Payments are elected, the cumulative present value of the capacity paid to the qf over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the qf had such payments been made pursuant to Option 1.

Continued to Sheet No. 8.220

Continued from Sheet No. 8.215

Option 4 - Early Levelized Capacity Payments: Early Levelized Capacity Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit with an in-service date of January 1, 2001. The earliest date that Early Levelized Capacity Payments can be received by a qf shall be the execution date of this agreement. This is an approximation of the lead time required to site and construct the Designated Avoided Unit. The capital portion of the capacity payment under this Option shall consist of equal monthly payments over the term of the contract, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A. The fixed operation and maintenance expense portion of the capacity payments shall be equal to the value of the year-by-year deferral of fixad operation and maintenance expenses associated with the Designated Avoided Unit calculated in conformance with Appendix A. At the option of the qf, Early Levelized Capacity Payments shall commence at any time after the specified earliest capacity payment date and before the in-service date of the Designated Avoided Unit provided the qf is delivering Firm Capacity and Energy to the Company in accordance with the Minimum Performance Standards as described in Appendix C. The qf shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start. Where Early Levelized Capacity Payments are elected, the cumulative present value of the capacity payments paid to the qf over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the qf had such payments been made pursuant to Option 1.

The Company will provide the qf with a schedule of capacity payment rates based on the month and year in which the delivery of Firm Capacity and Energy are to commence and the term of the contract. The following exemplary payment schedules are based on the minimum required contract term which must extend at least ten (10) years beyond the in-service date of the Designated Avoided Unit. The currently approved parameters used to calculate the following schedule of payments are found in Appendix B of this schedule.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.225

Continued from Sheet No. 8.220

UNIT TYPE: 180 MW (Winter Rating) COMBUSTION TURBINE (IN-SERVICE 1/1/2001)
MONTHLY CAPACITY PAYMENT RATE $/kW/MONTH

CONTRACT YEAR FROM	TO	OPTION 1 NORMAL PAYMENT STARTING 1/1/2001 $/kW/MO	OPTION 2 EARLY PAYMENT STARTING 1/1/2000 $/kW/MO	1/1/1999 $/kW/MO	OPTION 3 LEVELIZED PAYMENT STARTING 1/1/2001 $/kW/MO	OPTION 4 EARLY LEVELIZED PAYMENT STARTING 1/1/2000 $/kW/MO	1/1/1999 $/kW/MO
1/1/01	12/31/01	-	-	2.44	-	-	2.67
1/1/02	12/31/02	-	2.83	2.50	-	3.09	2.70
1/1/03	12/31/03	3.30	2.89	2.56	3.59	3.10	2.70
1/1/04	12/31/04	3.38	2.96	2.62	3.60	3.11	2.71
1/1/05	12/31/05	3.46	3.04	2.68	3.61	3.12	2.72
1/1/06	12/31/06	3.55	3.11	2.75	3.61	3.13	2.72
1/1/07	12/31/07	3.63	3.19	2.81	3.62	3.13	2.73
1/1/08	12/31/08	3.72	3.26	2.88	3.63	3.14	2.74
1/1/09	12/31/09	3.81	3.34	2.95	3.64	3.15	2.75
1/1/10	12/31/10	3.91	3.42	3.02	3.65	3.16	2.75
1/1/11	12/31/11	4.00	3.51	3.10	3.66	3.17	2.76
1/1/12	12/31/12	4.10	3.59	3.17	3.67	3.18	2.77

2. **Energy Payment Rates:**

a. **Payments Prior to January 1, 2001**: The As-Available Energy Payment Rate in ¢/kWh will apply and shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable variable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage.

Continued to Sheet No. 8.230

Continued from Sheet No. 8.225

The calculation of energy payments to the qf shall be based on the sum, over all hours of the Monthly Period, of the product of each hour's Energy Payment Rate times the energy purchased from the qf by the Company for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

The methodology to be used in the calculation of the avoided energy costs is described in Appendix D.

b. Payments Starting on January 1, 2001: To the extent that the Designated Avoided Unit is dispatched by the Company and operates, the Unit Energy Payment Rate in ¢/kWh will apply and shall be based on the Designated Avoided Unit's energy cost (fuel and variable operation and maintenance expense). Otherwise, when not dispatched by the Company the As-Available Energy Payment Rate will apply to the qf when operating will be based on the Company's actual hourly avoided energy cost.

Calculation of energy payments to the qf shall be based on the sum, over all hours of the Monthly Period, of the product of each hour's Energy Payment Rate times the energy purchased from the qf by the Company for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

The methodology to be used in the calculation of the avoided energy costs is described in Appendix D.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.235

Continued from Sheet No. 8.230

PERFORMANCE CRITERIA: In addition to the following provisions, payments for Firm Capacity are conditioned on the qf's ability to meet or exceed the Minimum Performance Standards (MPS) for the Company's Designated Avoided Unit as described in Appendix C:

1. **QF's Commercial In-Service Date:** Capacity Payments shall not commence until the qf has attained and demonstrated commercial in-service status. The Commercial In-Service Date of a qf shall be defined as the first day of the month following the successful completion by the qf of maintaining an hourly kW output for a 24 hour period, as metered at the point of interconnection with the Company, equal to or greater than the qf's "Contracted Capacity" as designated in the Standard Offer Contract. A qf shall coordinate the operation of its facility during this test period with the Company to insure that the performance of its facility during this 24 hour period is reflective of the anticipated day to day operation of the qf.

Continued to Sheet No. 8.240

Continued from Sheet No. 8.235

2. Monthly Availability and Monthly Capacity Factor: Upon achieving commercial in-service status, payments for Firm Capacity shall be made monthly in accordance with the capacity payment rate option selected by the qf and subject to the provision that the qf equals or exceeds the MPS for Monthly Availability and Monthly Capacity Factor of the Company's Designated Avoided Unit, as defined in Appendix C of this schedule.

3. QF's Obligation if QF Receives Early, Levelized, or Early Levelized Capacity Payments: The qf's payment option choice pursuant to Paragraph 4.b.iii of the Company's Standard Offer Contract may result in payments made by the Company for capacity delivered prior to January 1, 2001. Similarly, Levelized and Early-Levelized Capacity Payments for capacity delivered on or after January 1, 2001, may also exceed the year-by-year value of deferring the Designated Avoided Unit as specified in this Agreement. The parties recognize that capacity payments that exceed the year-by-year value of deferring the avoided unit may have to be repaid by the qf in the event the qf fails to perform pursuant to the terms and conditions of the Company's Standard Offer Contract.

To ensure that the qf will satisfy its obligation to make any repayment to the Company, the following provisions will apply:

The Company shall establish a Repayment Account to accrue the sum of the capacity payments that may have to be repaid by the qf to the Company. Amounts shall be added to the Repayment Account each month through December 2000, in the amount of the Company's early capacity payments made to the qf pursuant to the qf's chosen payment option.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.245

Continued from Sheet No. 8.240

Beginning on January 1, 2001, the difference between the capacity payment made to the qf and the "normal" capacity payment calculated pursuant to Option 1 will also be added each month to the Repayment Account, so long as the payment to the qf is greater than the monthly payment the qf would have received if it had selected Option 1 in Paragraph 4.b.iii, of the Company's Standard Offer Contract.

Also beginning on January 1, 2001, at such time that the monthly capacity payment made to the qf, pursuant to the Capacity Payment Option selected, is less than the "normal" monthly capacity payment in Option 1, there shall be debited from the Repayment Account an Early Payment Offset Amount to reduce the balance in the Repayment Account. Such Early Payment Offset Amount shall be equal to the amount which the Company would have paid for capacity in that month if capacity payments had been calculated pursuant to Option 1 and the qf had elected to begin receiving capacity payments on January 1, 2001 minus the monthly capacity payment the Company makes to the qf (assuming the MPS are met or exceeded), pursuant to the Capacity Payment Option chosen by the qf. Monthly Capacity Payments will not be made to the qf for any month the qf fails to meet the MPS and if applicable, a payment will be required by the qf to the Company in an amount equal to the Early Payment Offset for that month. In the event a payment is required from the qf to the Company, the qf's Repayment Account will be reduced by the amount of such payment provided that any such payment will not exceed the current balance in the Repayment Account.

The qf shall owe the Company and be liable for the current balance in the Repayment Account. The annual balance in the Repayment Account shall accrue interest at an annual rate of 9.37%. The Company agrees to notify the qf monthly as to the current Repayment Account balance.

In the event of default by the qf, the total Repayment Account balance shall become due and payable within twenty (20) business days of receipt of written notice, as reimbursement for the early capacity payments made to the qf by the Company.

Continued to Sheet No. 8.250

STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A SMALL QUALIFYING FACILITY OR A MUNICIPAL SOLID WASTE FACILITY

This agreement is made and entered into this _____ day of _____, _____by and between _____, hereinafter referred to as the "QF" and Tampa Electric Company, a private utility corporation organized under the laws of the State of Florida, hereinafter referred to as the "Company". The QF and the Company shall collectively be referred to herein as the "Parties."

WITNESSETH:

WHEREAS, QF desires to sell, and the Company desires to purchase, Firm Capacity and Energy to be generated by small Qualifying Facilities or by Municipal Solid Waste Facilities (unless specifically referred to, small "Qualifying Facilities" and "Municipal Solid Waste Facilities" will jointly be referred to as "QFs") consistent with Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.091, Florida Administrative Code (F.A.C.); of Order No. 23625 issued October 16, 1990, Docket No. 891049-EU; and the Company's Rate Schedule COG-2; and

WHEREAS, QF has signed an Interconnection Agreement with the utility in whose service territory the QF's generating facility is located, attached hereto as Appendix A; and

WHEREAS, the FPSC has approved the following Standard Offer Contract for the purchase of Firm Capacity and Energy from QFs;

NOW, THEREFORE, for mutual consideration the Parties agree as follows:

1. **Facilities**

a. **Designated Avoided Unit:** The Company has identified a 180 megawatt (MW) (Winter Rating) natural gas fired Combustion Turbine generating unit with an in-service date of January 1, 2001, as its Designated Avoided Unit. The avoided unit will be fully subscribed at 180 MW of committed Firm Capacity and Energy. The Company's Standard Offer Contract is scheduled to expire at the close of the Company's open season period as described in COG-2.

Continued to Sheet No. 8.480

Continued from Sheet No. 8.475

b. Qualifying Facility

i. On or before the in-service date of the Designated Avoided Unit, the QF shall be a cogeneration facility or small power production facility that is a Qualifying Facility under Subpart B of Subchapter K, Part 292 of Chapter I, Title 18, Code of Federal Regulations (C.F.R.), promulgated by the Federal Energy Regulatory Commission (FERC), as the same may be amended from time to time. Such a facility must be "new capacity" pursuant to the Public Utilities Regulatory Policies Act of 1978 (PURPA), construction of which began on or after November 9, 1978. On or before the in-service date of the Designated Avoided Unit and at all times throughout the remaining term of this Agreement, such QF shall maintain its status as a QF as defined herein and as certified by the FERC. By the end of the first quarter of each calendar year, the QF shall furnish the Company a notarized certificate by an officer of the QF certifying that the Facility has continuously maintained qualifying status on a calendar year basis since the commencement of the term of this Agreement.

ii. QF contemplates installing and operating a _____ MVA generator located at _____ which shall be and remain the specific site of the QF throughout the term of this Agreement. The generator is designed to produce a maximum of _____ megawatts (MW) of electric power designed, operated and controlled to provide reactive power requirements from 0.95 lagging to 0.95 leading power factor at the point of interconnection with the Company, such equipment being hereinafter referred to as the "Facility".

c. Evaluation Procedure: Each eligible Standard Offer Contract received by the Company will be evaluated as to its technical reliability, viability and financial stability, as well as other relevant information, in accordance with FPSC Rule 25-17.0832, F.A.C., and the Company's Procedure for Processing Standard Offer Contracts as defined in Rate Schedule COG-2 (COG-2). The criteria and procedure used to evaluate Standard Offer Contracts are attached to the Standard Offer Contract as Appendix A.

2. Term of the Agreement: This Agreement shall begin immediately upon its execution by the parties and shall end at 12:01 a.m., _____, _____.

Continued to Sheet No. 8.485

RESERVED FOR FUTURE USE

Continued from Sheet No. 8.480

Notwithstanding the foregoing if the QF does not meet the Construction Commencement Date or its Commercial In-Service Date as defined in COG-2 in accordance with the terms and conditions of this Agreement, then this Agreement shall be rendered of no force and effect. This Agreement shall consist of the Company's Rate Schedule COG-2 and all attached appendices thereto attached hereto and made a part hereof as Appendix B. For the purpose of this Agreement, "Construction Commencement Date" shall mean the date on which QF's on site activity is coordinated and continuous and active construction efforts are undertaken and ongoing relative to the actual construction of major project features other than site preparation work, which shall occur no later than January 1, 2001.

3. **Sale of Electricity by QF.** The Company agrees to purchase all of the Actual Contracted Capacity and associated energy generated at the Facility and transmitted to the Company by the QF pursuant to this tariff, less the amount of electric power consumed by the QF's generator auxiliaries. The Facility shall be fully dispatchable in the manner set forth in COG-2, Appendix C. The purchase and sale of electricity pursuant to this Agreement shall be construed as a: ( ) Net Billing Arrangement or: ( ) Simultaneous Purchase and Sale Arrangement. Once made, the selection of a billing methodology may only be changed in accordance with FPSC Rule 25-17.082, F.A.C., and shall be in accordance with the following provisions:

a. upon at least thirty (30) days advance written notice to the Company; and

b. upon the installation by the Company of any additional metering equipment reasonably required to effect the change in billing methodology and upon payment by the QF for such metering equipment and its installation; and

c. upon completion and approval by the Company of any alterations to the interconnection reasonably required to effect the change in billing methodology and upon payment by the QF for such alterations.

Continued to Sheet No. 8.490

Continued from Sheet No. 8.485

The parties agree that QF's obligation to generate and sell electricity from the Facility is subject to both scheduled and unscheduled outages of the Facility. Neither party shall be required to compensate the other party for electrical energy which from time to time may not be generated and sold by QF or received and purchased by the Company as a result of such scheduled and unscheduled outages. The parties agree to use best efforts to minimize the duration of any scheduled or unscheduled outages which from time to time may interrupt the purchase and sale of electricity under this Agreement.

4. Payment for Electricity Produced by QF:

a. Energy: The Company agrees to pay the QF for energy produced by the Facility and delivered to the Company in accordance with the rates and procedures contained in Rate Schedule COG-2 attached hereto as Appendix B. Prior to January 1, 2001, QF will receive energy payments based on the Company's actual avoided energy costs. Starting January 1, 2001, to the extent that the Designated Avoided Unit would have been operated had it been installed by the Company, the QF's energy payments will be based on the Company's Designated Avoided Unit's energy costs, otherwise QF's energy payment will be based on the Company's actual avoided energy costs as defined in COG-2, Appendix D, such determination to be made hourly.

b. Capacity:

i. Anticipated Contracted Capacity: QF intends to sell _____ MW of Firm Capacity and achieve commercial in-service status, beginning on or before January 1, 2001, the in-service date of the Designated Avoided Unit.

After initial Facility testing and on one occasion only, QF may finalize, increase or decrease its Anticipated Contracted Capacity by no more than 10% of the Anticipated Contracted Capacity and specify when capacity payments are to begin, by completing Paragraph 4.b.ii at a later time. However, QF must complete Paragraph 4.b.ii. by January 1, 2001 in order to be entitled to any capacity payments pursuant to this Agreement.

Continued to Sheet No. 8.495

Continued from Sheet No. 8.490

ii. **Actual Contracted Capacity:** The Firm Capacity committed by QF for purposes of this Agreement is _____ MW. To the extent that the Company pays for but declines to take all of the Actual Contracted Capacity (Non-dispatched Capacity) in any given hour, such Non-dispatched Capacity and Associated Energy shall not be sold by the QF or otherwise used in any way or disposed of without the Company's prior written consent. QF elects to receive, and the Company agrees to commence calculating, capacity payments in accordance with this Agreement starting with the first Monthly Period following _____, _____.

iii. **Firm Capacity Payment Options:** The following options are available to the QF for payment for Firm Capacity delivered by the QF:

1) Value of Deferral Capacity Payments;
2) Early Capacity Payments;
3) Levelized Capacity Payments;
4) Early Levelized Capacity Payments.

QF chooses to receive firm capacity payments from the Company under Option: _____. Each of these options is further defined in and subject to the provisions of the Company's Rate Schedule COG-2, Appendix A.

At the end of each Monthly Period, beginning with the Monthly Period specified in Paragraph 4.b.ii, the Company will calculate QF's Monthly Availability and Capacity Factor. During the term of this Agreement, if the QF's Monthly Availability and Capacity Factor equals or exceeds the Minimum Performance Standards (MPS), attached hereto as Appendix C in Rate Schedule COG-2, then the Company agrees to pay QF a Monthly Capacity Payment as calculated in the Section entitles Basis for Monthly Capacity Payment Calculation, Paragraph 5 of COG-2, Appendix C.

The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to QF as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

Continued to Sheet No. 8.500

Continued from Sheet No. 8.495

iv. **Security Guarantees:** The Company requires certain security deposits to ensure the completion of construction and performance under this Agreement in order to protect its ratepayers in the event the QF fails to deliver Firm Capacity and Energy in the amount and times specified in this Agreement, which shall be in form and substance as described herein. Such security may be refunded in the manner described in Paragraphs 4.b.iv.(1) and 4.b.iv.(2). Pursuant to FPSC Rule 25-17.091, F.A.C., a utility may not require security guarantees from a municipal solid waste facility as required in FPSC Rule 25-17.0832(2)(d) and (3)(f)(1), F.A.C. However, at its option, a municipal solid waste facility may provide such risk-related guarantees.

(1) **Completion Security:** The QF shall pay to the Company a security deposit equal to $10.00 per kilowatt ($10.00/kW) of Anticipated Contracted Capacity as described herein as security for QF's completion of the Facility by the in-service date of the Designated Avoided Unit. Such security will be required within 60 days of contract execution. Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the QF; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event that the QF fails to complete the construction and achieve commercial in-service status by the in-service date of the Designated Avoided Unit.

If the QF achieves commercial in-service status by the in-service date of the Designated Avoided Unit then the entire deposit and any interest therein, if applicable, shall be refunded to the QF upon payment by the QF of the Performance Security as required in Paragraph 4.b.iv.(2).

Continued to Sheet No. 8.505

Continued from Sheet No. 8.505

If, at the end of the twenty fourth month, the QF's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor again fail to achieve the MPS, for the most recent 12-month period, then the Company shall be entitled to retain the remainder of the security and to terminate the contract. However, if at the end of the twenty fourth month, the QF's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor meet the MPS, for the most recent 12-month period, then the QF shall be entitled to a refund of the remaining deposit.

For the purpose of this calculation, the 12-month average of a parameter shall be defined to equal the sum of each month's average numerical value for that parameter, for the most recent 12-month period, divided by twelve (12).

(3) **Liquidated Damages:** The parties hereto agree that the Company would be substantially damaged in amounts that would be difficult or impossible to ascertain in the event that QF fails to complete the Facility by the in-service date of the Designated Avoided Unit or to provide a Facility which meets the MPS. In the event that the Company terminates this Agreement for the QF's failure to achieve commercial in-service status by the in-service date of the Designated Avoided Unit or achieve the MPS once in service, the Company may retain all of the completion or performance security as liquidated damages, not as penalty, in lieu of actual damages and the QF hereby waives any defenses as to the validity of any such liquidated damages. In the event the QF defaults, it forfeits the aforesaid Completion or Performance Security. In addition thereto, the Company shall be entitled to pursue such equitable remedies against the QF as may be available.

5. **Electricity Production Schedule:** During the term of this Agreement, the QF agrees to the following:

Continued to Sheet No. 8.515

Continued from Sheet No. 8.510

a. QF shall provide the Company in writing prior to April 1 of each calendar year an esumate of the amount of electricity to be generated by the QF and delivered to the Company for each month of the following calendar year, including the time, duration and magnitude of any planned outages or reductions in capacity.

b. By July 1 of each calendar year, the Company shall notify the QF in writing whether the requested scheduled maintenance period(s) are acceptable. If the Company cannot accept any of the requested period(s), the Company shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. QF shall only schedule outages during periods approved by the Company and such approval shall not be unreasonably withheld. Once the schedule has been established and approved, either party requesting a subsequent change in such schedule, except when such event is due to Force Majeure, must obtain approval for such change from the other party. Such approval shall not be unreasonably withheld or delayed.

c. During the term of this Agreement, the QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with the Company. The QF shall ensure that operating personnel are on duty at all times, twenty-four hours a calendar day and seven calendar days a week. Additionally, during the term of this Agreement, the QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder.

d. The Company shall not be obligated to purchase and may require curtailed or reduced deliveries of energy, to the extent necessary to maintain the reliability and integrity of any part of the Company's system, or if the Company determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to the Company's Customers. The Company shall give QF prior notice, if practicable, of its intent to refuse, curtail or reduce the Company's acceptance of energy pursuant to this Section and will act to minimize the frequency and duration of such occurrences.

Continued to Sheet No. 8.520

Continued from Sheet No. 8.515

e. The Company shall not be required to accept or purchase energy during any period in which, due to operational circumstances, acceptance or purchase of such energy would result in the Company's incurring costs greater than those which it would incur by generating an equal additional amount of energy with its own resources. The Company shall give the QF as much prior notice as practicable of its intent not to accept energy pursuant to this Section.

f. QF shall promptly update the yearly generation schedule and maintenance schedule as and when any changes may be determined necessary;

g. QF shall comply with reasonable requirements of the Company regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement.

6. **QF's Obligation if QF Receives Early, Levelized, or Early Levelized Capacity Payments:** The parties recognize that Rule 25-17.0832, F. A. C., may require the repayment by the QF of all one portion of any payments made to it pursuant to Option 2, 3, or 4 of Section 4.2.3 if the QF fails to perform pursuant to the terms and conditions of this Agreement. To ensure that the QF will satisfy its obligation to make any such repayments, the following provisions will apply:

The Company shall establish a Repayment Account to accrue the sum of the capacity payments that may have to be repaid by the QF to the Company. Amounts shall be added to the Repayment Account each month through December 2000, in the amount of the Company's payments to the QF for capacity delivered prior to January 1, 2001.

Beginning on January 1, 2001, the difference between the capacity payment made to the QF and the "normal" capacity payment calculated pursuant to Option 1 in COG-2 will also be added each month to the Repayment Account, so long as the payment made to the QF is greater than the monthly payment the QF would have received if it had selected Option 1 in Paragraph 4.b.iii. The annual balance in the Repayment Account shall accrue interest at an annual rate of 9.37%.

Continued to Sheet No. 8.525

Continued from Sheet No. 8.520

Also beginning on January 1, 2001, at such time that the monthly capacity payment made to the QF, pursuant to the Capacity Payment Option selected, is less than the "normal" monthly capacity payment in Option 1 in COG-2, there shall be debited from the Repayment Account an Early Payment Offset Amount to reduce the balance in the Repayment Account. Such Early Payment Offset Amount shall be equal to the amount which the Company would have paid for capacity in that month if capacity payments had been calculated pursuant to Option 1 in COG-2 and the QF had elected to begin receiving capacity payments on January 1, 2001, minus the monthly capacity payment the Company makes to the QF (assuming the MPS are met or exceeded), pursuant to the Capacity Payment Option chosen by the QF in Paragraph 4.b.iii.

QF shall owe the Company and be liable for the current balance in the Repayment Account. The Company agrees to notify the QF monthly as to the current Repayment Account balance.

In the event of default by the QF, the total Repayment Account balance shall become due and payable within twenty (20) business days of receipt of written notice, as reimbursement for the early capacity payments made to the QF by the Company. The QF's obligation to reimburse the Company in the amount of the balance in the Repayment Account shall survive the termination of the QF's Standard Offer Contract with the Company. Such reimbursement shall not be construed to constitute liquidated damages and shall in no way limit the right of the Company to pursue all its remedies at law or in equity against the QF.

Prior to receipt of Early Levelized or Early-Levelized Capacity Payments, the QF shall secure its obligation to repay any balance in the Repayment Account in the event QF defaults pursuant to this Agreement. Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the QF; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event of default by the QF. Florida Statute 377.709(4) requires the local government to refund early capacity payments should a Municipal Solid Waste Facility owned, operated by or on the behalf of a local government be abandoned, closed down or rendered illegal. Therefore a utility may not require risk-related guarantees from a Municipal Solid Waste Facility as required in FPSC Rule 25-17.0832(2)(c) and (3)(e)(8), F.A.C. However, at its option, a Municipal Solid Waste Facility may provide such risk-related guarantees.

Continued to Sheet No. 8.530

Continued from Sheet No. 8.525

7. **Nonperformance Provisions:** QF shall not receive a capacity payment during any month in which the QF fails to meet the MPS for Monthly Availability and Monthly Capacity Factor of the Company's Designated Avoided Unit as defined in Appendix C in COG-2. In addition, if for any month starting January 1, 2001, the QF fails to achieve the MPS and the monthly capacity payment that would have been made to the QF pursuant to the capacity payment option selected is less than the "normal" monthly capacity payment had the QF selected Option 1, then the QF shall be liable for and shall pay the Company an amount equal to the Early Payment Offset Amount for the month; provided, however, that such calculation shall assume that the QF satisfied the MPS. Any payments thus required of QF shall be separately invoiced by the Company to QF after each month for which such payment is due and shall be paid by QF within twenty (20) business days after receipt of such invoice by QF. Such payment shall be debited from the Capacity Account as an Early Payment Offset Amount provided that any such payment will not exceed the current balance in the Capacity Account.

8. **Default**

a. **Mandatory Default:** QF shall be in default under this Agreement if:

i. QF voluntarily declares bankruptcy; or

ii. QF fails to achieve, on both accounts, a minimum Monthly Availability Factor of 25% and fails to achieve a minimum Monthly Capacity Factor of 25%, during the same month, for 12 consecutive months starting January 1, 2001; or

iii. QF fails to maintain its status as a QF as required herein; or

iv. QF fails to perform in accordance with Section 4.b.iv.(2).

b. **Optional Default:** The Company may declare the QF to be in default:

i. if at any time prior to January 1, 2001, and after Monthly Capacity Payments have begun, the Company has sufficient reason to believe that the QF is unable to deliver its Actual Contracted Capacity; or

Continued to Sheet No. 8.535

RESERVED FOR FUTURE USE

RESERVED FOR FUTURE USE

Continued from Sheet No. 8.530

ii. after Monthly Capacity Payments have begun, the QF fails each month, for 24 consecutive months, to meet the MPS; or

iv. QF refuses, is unable or anticipatorily breaches its obligation to deliver its Actual Contracted Capacity after January 1, 2001.

c. **Default Remedy:** In the event of default by the QF, the total Repayment Account balance shall become due and payable within twenty (20) business days of receipt of written notice, as reimbursement for the early capacity payments made to the QF by the Company. The QF's obligation to reimburse the Company in the amount of the balance in the Repayment Account shall survive the termination of the QF's Standard Offer Contract with the Company. Such reimbursement shall not be construed to constitute liquidated damages and shall in no way limit the right of the Company to pursue all its remedies at law or in equity against the QF.

9. **General Provisions:**

a. **Permits:** QF hereby agrees to seek to obtain any and all governmental permits, certifications, or other authority QF is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement. The Company hereby agrees to seek to obtain at QF's expense any and all governmental permits, certifications or other authority the Company is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement.

b. **Indemnification:** The Company and QF shall each be responsible for its own facilities. The Company and the QF shall each be responsible for its own facilities in ensuring adequate safeguards for other Company Customers, the Company and QF personnel and equipment, and for the protection of its own generating system. The Company and the QF shall each indemnify and save the other harmless from any and all claims, demands, costs, or expense for loss, damage, or injury to persons or property of the other caused by, arising out of, or resulting from:

Continued to Sheet No. 8.540

Continued from Sheet No. 8.535

i. any act or omission by a party or that party's contractors, agents, servants and employees in connection with the installation or operation of that party's generation system or the operation thereof in connection with the other party's system; and

ii. any defect in, failure of, or fault related to a party's generation system; and

iii. the negligence of a party or negligence of that party's contractors, agents servants and employees; and

iv. any other event or act that is the result of, or proximately caused by a party.

For the purpose of this subsection, the term party shall mean either the Company or QF, as the case may be.

c. Insurance: The QF shall deliver to the Company, at least fifteen (15) days prior to the start of any interconnection work, a certificate of insurance certifying the QF's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the state of Florida naming the QF as named insured, and the Company as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering the liabilities accepted under this Agreement arising out of the interconnection to the QF, or caused by operation of any of the QF's equipment or by the QF's failure to maintain its equipment in satisfactory and safe operating condition.

i. In subsequent years, a certificate of insurance renewal must be provided annually to the Company indicating the QF's continued coverage as described herein. Renewal certification shall be sent to:

Tampa Electric Company
c/o Director of Risk Management
Tampa Electric Company
702 North Franklin Street (33602)
P. O. Box 111
Tampa, FL 33601

Continued to Sheet No. 8.545

Continued from Sheet No. 8.540

ii. The policy providing such coverage shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than $1,000,000 for each occurrence; provided however, if QF has insurance with limits greater than the minimum limits required herein, the QF shall set any amount higher than the minimum limits required by the Company to satisfy the insurance requirements of this Agreement.

iii. The above required policy shall be endorsed with a provision whereby the insurance company to notify the Company thirty (30) days prior to the effective date of any cancellation or material change in said policy.

iv. QF shall pay all premiums and other charges due on said policy and keep said policy in force during the entire period of interconnection with the Company.

d. Force Majeure: If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance, which, however, shall be remedied with all possible dispatch; and the obligations, terms and conditions of this Agreement shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean all acts of God, strikes, lockouts or other industrial disturbances at the manufacturing site of the major equipment components or the construction site, wars, blockades, insurrections, riots, arrests and restraints of rules and people, explosions, fires, floods, lightning, wind, perils of the sea, accidents to equipment or machinery or similar occurrences; provided, however that no occurrence may be claimed to be a force majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the party attempting to make such claim and specifically does not include interruption in fuel supply. QF agrees to pay the costs necessary to reactivate the Facility and/or the interconnection with the Company's system if the same are rendered inoperable due to actions of QF, its agents, or force majeure events affecting the Facility or the interconnection with the Company.

Continued to Sheet No. 8.550

Continued from Sheet No. 8.545

The Company agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by the Company or its agents.

e. **Conditions Precedent:** Notwithstanding any other provisions of this Agreement including the provisions of Paragraph 9.d, the Company shall have the right to terminate this Agreement by notice to the QF, without cause, liability or obligation, if one or more of the following conditions, after reasonable effort by QF, shall not have been or cannot be satisfied in the Company's good faith judgement, and in the time periods described below. The Company in its sole discretion may extend QF's time for satisfying these conditions if one or more of the events described below is pending as of such date and it is reasonable to expect that such event will be accomplished within sixty (60) days:

i. QF meets the Construction Commencement Date;

ii. On or before the QF's Commercial In-Service Date: QF secures certification of the facility as a QF as defined herein and as certified by the FERC;

iii. Within 120 days after the effective date of this Agreement: QF secures any and all land use and zoning approvals reasonably necessary to obtain construction financing and authorizes the commencement of construction of the facility on a basis not substantially adverse to the Company;

iv. Within 120 days after the effective date of this Agreement: QF has secured all other environmental and construction permits and other governmental approvals reasonably necessary to obtain construction financing and to begin construction of the facility on a basis not substantially adverse to the Company;

v. Within 120 days after the effective date of this Agreement: QF achieves closing of financing for construction of the facility;

vi. On or before January 1, 2000: QF provides to the Company written evidence of the rights to adequate fuel supply for the facility in a form satisfactory to the Company;

Continued to Sheet No. 8.555

Continued from Sheet No. 8.550

vii. Within 120 days after the effective date of this Agreement: QF provides evidence in writing in a form satisfactory to the Company indicating and substantiating the ownership of or the right to use the real property as the specific site upon which the facility will be located; and

viii. Within 120 days after the effective date of this Agreement: QF provides sufficient information satisfactory to the Company has been provided to the Company describing the technical capability and experience of the Facility's technology, including its environmental performance of the facility.

f. **Assignment:** The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without the Company's prior written consent and such consent shall not be unreasonably withheld.

g. **Disclaimer:** In executing this Agreement, the Company does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with QF or any assignee of this Agreement.

h. **Notification:** For purposes of making any and all non-emergency oral and written notices, payments or the like required under the provisions of this Agreement, the parties designate the following to be notified or to whom payment shall be sent until such time as either party furnishes the other party written instructions changing such designate.

For: QF

For: Tampa Electric Company
Manager-Industrial/Governmental Marketing & Sales
Tampa Electric Company
702 North Franklin Street (33602)
P.O. Box 111
Tampa, Florida 33601

i. **Applicable Law:** This Agreement shall be governed by and construed and enforced in accordance with the laws, rules, and regulations of the State of Florida and the Company's Tariff as may be modified, changed, or amended from time to time.

Continued to Sheet No. 8.560

Continued from Sheet No. 8.555

j. **Severability:** If any part of this Agreement, for any reason, be declared invalid, or unenforceable by a court or public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Agreement, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.

k. **Complete Agreement and Amendments:** All previous communications or agreements between the parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both parties to this Agreement.

l. **Incorporation of Rate Schedule:** The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's published Rate Schedule COG-2 as approved and on file with the FPSC. The Rate Schedule is incorporated herein by reference.

m. **Survival of Agreement:** This Agreement, as it may be amended from time to time, shall be binding and inure to the benefit of the Parties' respective successors-in-interest and legal representatives.

IN WITNESS WHEREOF, QF and the Company have executed this Agreement the day and year first above written.

WITNESSES:

_____

_____

Qualifying Facility

By:_____

Its:_____

WITNESSES:

_____

_____

Tampa Electric Company

By:_____

Its:_____

EVALUATION PROCEDURE
FOR STANDARD OFFER CONTRACTS
APPENDIX A
STANDARD OFFER CONTRACT

The Company believes that Standard Offer Contracts should be evaluated and then accepted based on meeting specific criteria rather than ranking them entirely on the timing of their receipt. This Evaluation Procedure will insure the acceptance of Standard Offer Contracts that meet the Company's needs and are in the best interest of Customers.

Each eligible Standard Offer Contract received by the Company will be evaluated as to its technical reliability, viability and financial stability, as well as other relevant information, in accordance with FPSC Rule 25-17.0832, F.A.C., and the Company's Procedure for Processing Standard Offer Contracts as defined in Rate Schedule COG-2.

QFs submitting Standard Offer Contracts to the Company should, at the same time, provide considerable detail regarding their projects by submitting specific information for each of the following evaluation criteria. Failure to provide this information may result in a determination of non-viability by the Company. Each eligible Standard Offer Contract received will be evaluated based upon the information provided in response to the following list of parameters:

EVALUATION PARAMETERS:

1. **Technical Viability:**

   a. What is the technology being proposed?

   b. Has the technology been demonstrated or commercially applied? Please explain.

   c. Has the QF previously utilized this technology elsewhere?

Construction:	Please provide performance record and experience with project technology.
Operations:	Please provide operator's experience and performance record in comparable facilities.

   d. Has a project feasibility study been conducted by an Independent Engineer to assess project technology and its potential effect on the project's financial results? Please explain.

Continued to Sheet No. 8.570

Continued from Sheet No. 8.565

c. What thermal efficiency must be maintained by the unit(s) in order to retain status as a QF?

2. Fuel Supply:

a. What is the primary fuel type?

b. What are the annual fuel requirements? (primary/alternate)

c. Has primary fuel supply been secured? Is the fuel supply domestic, cross-border or foreign? Is the term of the fuel supply agreement equal to the debt term?

d. Is an alternate fuel required?

e. Has an alternate fuel supply been secured?

f. Have transportation arrangements for both primary and alternate fuels been secured (firm/interruptible, provide detail)?

g. Are the pricing terms of the fuel supply agreement(s) directly tied to the corresponding energy payments?

3. Reliability:

a. Dispatchability: Will the facility be dispatched on request or will it be base loaded? Please explain.

b. QF Status: Has project obtained FERC certification as a QF? Has application been made for FERC certification? Please explain.

c. Operations and Maintenance: Who will provide O & M for the facility: (a) developer; or (b) third party?

d. Steam Host:

- Please explain the importance of the thermal energy (steam), taken by the steam host, to the overall operations of the steam host.
- Are there adequate alternative candidates in close proximity to the facility that could serve as a potential steam host replacement?
- What is the minimum "steam take" necessary for the project to maintain QF status?

Continued to Sheet No. 8.575

Continued from Sheet No. 8.570

- Has a steam host been secured?
- Is the steam host already in existence?
- Is it a new steam host? (Is it identifiable?)
- What are the steam host's operating hours?
- Is steam host's business cycle or thermal requirements seasonal? If so explain.

e. Permits: What permits or licenses will be required for the project? Have the necessary permits or licenses been secured? What specific environmental considerations must the project meet?

f. Construction Schedule: Has a construction schedule including milestones been formulated? Please provide detail.

g. Site Control: Has the project's location been identified? Has the site been secured? Does the site require specific environmental considerations, i.e. wetlands, etc.? Please explain.

4. **Developer's Qualifications:**

a. Project's Financial Stability: Does the project Developer's credit rating qualify for Investment-Grade Status? Please provide detail.

b. Developer's Experience: Has developer any projects in operation? Has developer any other projects under construction? Please provide details for each previous IPP or QF projects undertaken by the Developer, including but not limited to:

- Financial arrangements and Institutions,
- Fuel contracts,
- Scheduling/project control information,
- Regulatory treatment,
- Ownership structure, i.e. partnership, limited partnership, contract buy-outs, etc., and
- Total operating experience and performance.

c. Project Financing: Has project financing been secured? Will ownership equity in project be 15% or greater? Will the project be structured as a nonrecourse financing project? Please provide detail.

Continued to Sheet No. 8.580

Continued from Sheet No. 8.575

d. Working Capital: Has long-term working capital been secured? Are sufficient reserves available to fund six-months of debt service? Are sufficient funds available to cover six-months of O&M expenses? Does project have warranties for key operating equipment during the first year of operations? Please provide detail.

EVALUATION CRITERIA AND SCORING: The QF will receive a score of 2, 1, or 0 in each of the categories listed below. A score of "2" indicates that the project fully meets or exceeds the specific requirements that the Company has established for that parameter. A score of "1" indicates that the project may only marginally meet some portion of the established requirements. And, a score of "0" indicates that a sufficient number of the established requirements have not been satisfactorily met.

The Company will accept Standard Offer Contracts on the basis of the information provided in response to the evaluation criteria and upon its judgement of other relevant factors. The Standard Offer Contract receiving the most points and which has convincingly demonstrated that the project is financially and technically viable and that the committed capacity would be available by the date specified in the Standard Offer Contract will be accepted first. The Company will continue to accept successive Standard Offer Contracts until further acceptance of a Standard Offer Contract would cause the subscription limit to be exceeded. Points for each category will be given as follows:

Technical Viability

2 Technology has been proven through commercial application.
1 Technology has been satisfactorily demonstrated in a pilot project (more than two years).
0 Technology has not been satisfactorily demonstrated or proven.

Fuel Availability

2 Primary fuel supply has been secured.
1 Letter of intent to supply primary fuel is in-hand.
0 Primary fuel supply is unsecured.

Fuel Diversity

2 An alternate fuel supply has been secured.
1 Letter of intent to supply alternate fuel is in-hand.
0 Alternate fuel supply is unsecured.

Continued to Sheet No. 8.585

Continued from Sheet No. 8.580

Fuel Transportation

2 Transportation agreement for both primary and alternate fuels has been secured.
1 Transportation agreement appears likely.
0 Transportation agreement is uncertain.

Dispatchability

2 Unit(s) is completely dispatchable or base loaded.
1 Unit(s) is somewhat dispatchable.
0 Unit(s) is not dispatchable.

QF Status

2 QF status has been certified by FERC or the FPSC and has been provided.
1 Application for FERC Certification has been made and has been provided.
0 Application for FERC Certification has not been made.

Operations and Maintenance

2 A long-term O&M agreement (five years or more) has been reached.
1 A long-term O&M agreement appears likely or a short-term O&M agreement (less than five years) has been reached.
0 No decision has been made toward achieving an O&M agreement.

Steam Host

2 A letter of intent with a steam host has been provided.
1 The steam host exists and has been identified, but a letter of intent has not been provided.
0 Steam Host does not exist and/or is unidentified.

Permits

2 Permits and licenses are in-hand.
1 Permits and licenses are not yet secured but no permitting or zoning problems are apparent.
0 Significant doubts exist regarding environmental considerations, permitting and/or zoning.

Continued to Sheet No. 8.590

Continued from Sheet No. 8.585

Construction Schedule and Milestones

2 A Construction schedule exists and Milestones are appropriate for timely completion.
1 Timely completion of project appears likely.
0 Timely completion appears doubtful.

Site Control

2 Site has been secured and does not require specific environmental considerations.
1 Site is identified and is sufficiently secured.
0 Site is uncertain or it requires specific environmental considerations, i.e. wetlands, etc.

Developer's Financial Stability

2 Project developer has a credit rating comparable to Investment-Grade Status.
1 Project developer has a credit rating that is less favorable than Investment-Grade Status.
0 Project developer's credit rating is considered too risky.

Developer's Experience

2 Developer has proven experience developing cogeneration projects.
1 Developer has marginal experience developing cogeneration projects.
0 Developer has no experience developing cogeneration projects.

Project Financing

2 Project financing has been secured.
1 Project financing appears likely.
0 Project financing is uncertain.

Working Capital

2 Working capital has been secured.
1 Working capital appears likely.
0 Working capital is uncertain.

Continued to Sheet No. 8.595

RESERVED FOR FUTURE USE

Continued from Sheet No. 8.590

Please provide the following general information to assist the Company in evaluating your Standard Offer Contract

- Standard Offer Committed Capacity (MW):
- Size and type of generation:
- Any existing or planned capacity commitments or energy sales to other utilities, if so provide detail:
- Will the project directly interconnect into the Company's transmission grid? Please explain:
- If the project is located external to the Company's retail service area, how will the power be delivered to the Company? Please explain:
- Will steam host use a portion of electric generation, if so provide detail:
- Please provide developer's ownership structure for this project:
- Developer's Insurance Carrier:
  - Property damage insurance:
  - Business interruption insurance:
  - Rating of insurance carrier:
- Please provide estimates of the following:
  - Expected annual metered electric output,
  - Expected annual metered useful thermal output, in Btu/hr X operating hours/year,
  - Expected annual metered fuel input, in Btu/hr X operating hours/year.
- Other:

INTERCONNECTION AGREEMENT

This agreement is made and entered into this _____ day of _____, _____ by and between _____, hereinafter referred to as "QF" and Tampa Electric Company, a private utility corporation organized under the laws of the State of Florida, hereinafter referred to as the "Company". The QF and the Company shall collectively be referred to herein as the "Parties."

1. **Facility:** The QF's generating facility, hereinafter referred to as "Facility," is located at _____, within the Company's service territory. QF intends to have its Facility installed and operational on or about _____, _____. QF shall provide the Company reasonable prior notice of the Facility's initial operation, and it shall cooperate with the Company to arrange initial deliveries of power to the Company's system.

The Facility has been or will be certified as a Qualifying Facility pursuant to the rules and regulations of the Florida Public Service Commission (FPSC) or the Federal Energy Regulatory Commission (FERC). The QF shall maintain the qualifying status of the Facility throughout the terms of the Interconnection Agreement. By the end of the first quarter of each year, QF shall furnish the Company a notarized certificate by an officer of QF certifying that the Facility has continuously maintained qualifying status on a calendar year basis since the commencement of the contract term.

2. **Construction Activities:** QF shall provide the Company with written instructions to proceed with construction of the interconnection facilities as described in this Agreement at least 24 months prior to the date on which the facilities shall be completed.

The Company agrees to complete the interconnection facilities as described in this Agreement within 24 months of receipt of written instructions to proceed.

Upon the parties' agreement as to the appropriate interconnection design requirements and receipt of written instructions to proceed delivered by QF, the Company shall design and perform or cause to be performed all of the work necessary to interconnect the Facility with the Company's system.

Continued to Sheet No. 8.605

Continued from Sheet No. 8.600

Prior to any work being done by the Company, the Company shall supply QF with a written cost estimate of all required materials and labor and an estimate of the date by which construction of the interconnection will be completed. This estimate shall be provided to QF within 60 days after QF provides the Company with its final electrical one-line diagrams. The Company shall also provide project timing and feasibility information to the QF.

QF agrees to pay the Company all expenses incurred by the Company necessary for integration of the Facility into the Company's electrical system, including but not limited to the design, construction, operation, maintenance and repair of the interconnection facilities described in Exhibit A. Exhibit A shall contain a complete description of the interconnection facilities including the final electrical on-line diagram. Such interconnection costs shall not include any interconnection costs which the Company would otherwise incur if it were not engaged in interconnected operations with QF but instead provided through its own generation facilities the electric power required by the Facility.

QF agrees to pay the costs for complete interconnection work ($___ dollars): ( ) within 30 days after the Company notifies QF that such interconnection work has been completed; or ( ) payable in (up to 36) _____ monthly installments, plus interest on the outstanding balance calculated at the 30-day highest grade commercial paper rate in effect 30 days prior to the date each payment is due, such rate to be determined by the Company, with the first such installment payment being due 30 days after the Company notifies QF that such interconnection work has been completed.

In the event QF notifies the Company in writing to cease interconnection work before its completion, QF shall be obligated to reimburse the Company for the interconnection costs incurred up to the date such notification is received. The payment terms shall be in accordance with the payment option selected by the QF in the proceeding paragraph.

3. **Cost Estimates:** Attached hereto as Exhibit B and incorporated herein by this reference is a document entitled, "QF Interconnection Cost Estimates." The parties agree that the cost of the interconnection work contained in Exhibit B is a good faith estimate of the actual cost to be incurred.

Continued to Sheet No. 8.610

Continued from Sheet No. 8.290

The Company will accept successive Standard Offer Contracts, beginning with the Standard Offer Contract with the highest priority, until further acceptance of a Standard Offer Contract would cause the subscription limit to be exceeded.

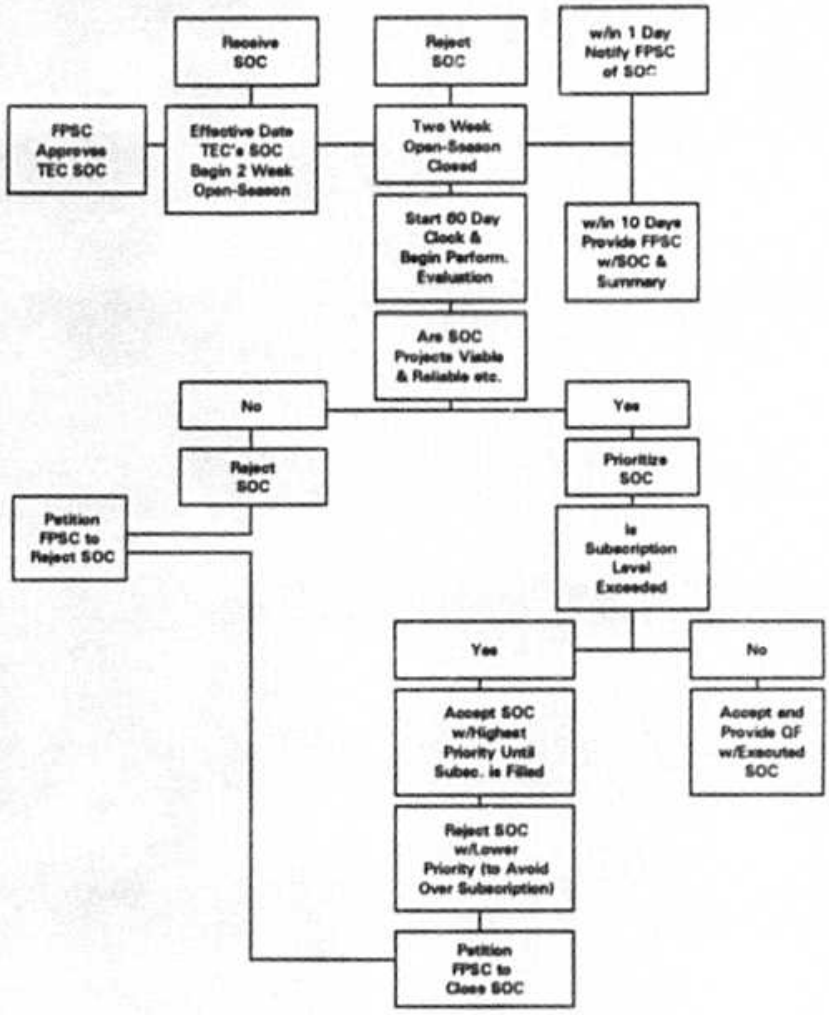
Once the Company's Standard Offer Contract is fully and acceptably subscribed or has expired, the Company will petition the Commission to close its Standard Offer Contract. Any executed Standard Offer Contracts received by the Company during the pendency of such a petition ("Interim SOCs") shall be held in abeyance pending final disposition of the petition. If the petition is finally approved (including any appellate review process), any Interim SOCs received during the pendency of the petition shall be rendered void and of no force and effect. If the petition is finally disapproved (including any appellate review process), any Interim SOCs received during the pendency of the petition shall be reactivated and processed in accordance with the Company's approved Procedure for Processing Standard Offer Contracts.

In its petition, the Company will provide the Commission with an estimate of the date that it will be filing a petition with respect to its new Standard Offer needs. The Company will then reassess its needs for capacity and petition the Commission regarding a Standard Offer Contract which reflects its updated needs for capacity. If the Company's petition for a new Standard Offer Contract is based on a different generation expansion plan than its previously approved Standard Offer Contract, then the Company will include the generation expansion plan in support of its petition.

Continued to Sheet No. 8.300

Continued from Sheet No. 8.295

PROCEDURE FOR PROCESSING STANDARD OFFER CONTRACTS



Continued to Sheet No. 8.305

Schedule of COG-2

Table of Appendices

STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM SMALL QUALIFYING FACILITIES OR MUNICIPAL SOLID WASTE FACILITIES
SCHEDULE COG-2
APPENDIX A

Appendix A provides a detailed description of the methodology used by the Company to calculate the monthly value of deferring the Designated Avoided Unit referred to in Schedule COG-2. When used in conjunction with the current FPSC approved cost parameters associated with the Designated Avoided Unit contained in Appendix B, a c may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the qf enter into a Standard Offer Contract with the utility.

Also contained in Appendix A is a discussion of the types and forms of surety bond requirements or equivalent assurance of repayment of early capacity payments acceptable to the Company in the event of contractual default by a qf.

CALCULATION OF VALUE OF DEFERRAL: FPSC Rule 25-17.0832(6), F.A.C., specifies that avoided capacity costs, in dollars per kilowatt per month, associated with firm capacity sold to a utility by a qf pursuant to the utility's Standard Offer shall be defined as the value of a year-by-year deferral of the Designated Avoided Unit and shall be calculated as follows:

$$VAC_m = \frac{1}{12}\left[KI_n \left[1 - \frac{(1 + i_p)^L}{(1 + r)^L} \right] \left[1 - \frac{(1 + i_p)}{(1 + r)} \right] \left[\frac{(1 + r)}{\quad} \right] + O_n \right]$$

Continued to Sheet No. 8.315

Continued from Sheet No. 8.310

FPSC Rule 25-17.0832(6)(a), F.A.C., specifies that, beginning with the in-service date of the Company's Designated Avoided Unit, for a one year deferral:

VAC_m	=	Company's monthly value of avoided capacity, $/kW/month, for each month of year n;
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year;
I_n	=	total direct and indirect cost, in mid-year dollars per kilowatt ($/kW) including AFUDC but excluding CWIP, of the Designated Avoided Unit(s) with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Designated Avoided Unit(s) that would have been paid had the Designated Avoided Unit(s) been constructed;
O_n	=	total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year $/kW/year, of the Designated Avoided Unit(s);
i_p	=	annual escalation rate associated with the plant cost of the Designated Avoided Unit(s);
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);
r	=	annual discount rate, defined as the Company's incremental after tax cost of capital;
L	=	expected life of the Designated Avoided Unit(s); and

Continued to Sheet No. 8.320

Continued from Sheet No. 8.315

n = year for which the Designated Avoided Unit(s) is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm capacity and energy.

FPSC Rule 25-17.0832(6)(b), F.A.C., specifies that, normally, payment for Firm Capacity shall not commence until the in-service date of the Designated Avoided Unit(s). At the option of the qf, however, the Company may begin making early capacity payments consisting of the fixed operation and maintenance expense and the capital cost component of the value of a year-by-year deferral of the Designated Avoided Unit(s) starting as early as two years prior to the in-service date of the Designated Avoided Unit(s). When such early capacity payments are elected, capacity payments shall be paid monthly commencing no earlier than the Commercial In-Service date of the qf, and shall be calculated as follows:

$$A_m = A_o \left[\frac{(1 + i_p)^{(m-1)}}{12} \right] + A_o \left[\frac{(1 + i_o)^{(m-1)}}{12} \right] \text{ for } m = 1 \text{ to } t$$

Beginning with the earliest avoidance date of the Company's Designated Avoided Unit(s), for a one year deferral:

A_m = monthly early capacity payments to be made to the qf starting as early as two years prior to the in-service date of the Company's Designated Avoided Unit(s), in $/kW/month;

i_p = annual escalation rate associated with the plant cost of the Designated Avoided Unit(s);

i_o = annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);

Continued to Sheet No. 8.325

Continued from Sheet No. 8.320

m = earliest year for which capacity payments to a qf may be made;

t = the minimum term, in years, of the contract for the purchase of firm capacity if early capacity payments commence in year m;

$$A_c = F \left[1 - \frac{(1 + i_p)}{(1 + r)} \right] \Bigg/ \left[1 - \frac{(1 + i_p)^t}{(1 + r)^t} \right]$$

Where:

F = the cumulative present value of the annual avoided capital cost component of capacity payments for a ten year period, commencing with the in-service date of the Designated Avoided Unit(s) (in $/kW/year in 2001 dollars);

r = annual discount rate, defined as the Company's incremental after tax cost of capital; and

$$A_o = G \left[1 - \frac{(1 + i_o)}{(1 + r)} \right] \Bigg/ \left[1 - \frac{(1 + i_o)^t}{(1 + r)^t} \right]$$

Continued to Sheet No. 8.330

Continued from Sheet No. 8.325

Where: G = the cumulative present value in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Designated Avoided Unit(s).

FPSC Rule 25-17.0832(6)(c), F.A.C., specifies that, Monthly Levelized and Early Levelized Capacity Payments shall be calculated as follows:

$$P_L = \frac{F}{12} \times \frac{r}{1-(1+r)^{-t}} + O$$

Where:

P_L = the monthly Levelized Capacity Payment, starting on or prior to the in-service date of the Designated Avoided Unit(s);

F = the cumulative present value of the annual avoided capital cost component of the capacity payments for a ten year period, commencing with the in-service date of the Designated Avoided Unit (in $/kW/year in 2001 dollars);

r = the annual discount rate, defined as the Company's incremental after tax cost of capital;

t = the term, in years, of the contract for the purchase of firm capacity; and

O = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with FPSC Rule 25-17.0832, paragraph 6(a) for Levelized Capacity Payments or with paragraph 6(b) for Early Levelized Capacity Payments, F.A.C.

Currently approved parameters applicable to the formulas above are found in Appendix B.

Continued to Sheet No. 8.335

Continued from Sheet No. 8.330

CALCULATION OF MONTHLY AVAILABILITY AND CAPACITY FACTOR: Pursuant to FPSC Rule 25-17.0832, F.A.C., and Docket No. 891049-EU, a qf must meet or exceed, on a monthly basis, the MPS of the Company's Designated Avoided Unit(s) as described in Appendix C of COG-2 in order to receive monthly capacity payments. At the end of each monthly period, beginning with the monthly period specified in Paragraph 4.b.ii of the Company's Standard Offer Contract, the Company will calculate qf's Monthly Availability and Monthly Capacity Factor.

SECURITY GUARANTEES: The Company requires certain security deposits to ensure the completion of construction and performance under this Agreement in order to protect its ratepayers in the event the qf fails to deliver Firm Capacity and Energy in the amount and times specified in this Agreement, which shall be in form and substance as described herein. Such security may be refunded in the manner described in Paragraphs 4.b.iv.(1) and 4.b.iv.(2) of the Company's Standard Offer Contract.

Pursuant to FPSC Rule 25-17.091, F.A.C., a utility may not require security guarantees from a municipal solid waste facility as required in FPSC Rule 25-17.0832(2)(d) and (3)(f)(1), F.A.C. However, at its option, a municipal solid waste facility may provide such risk-related guarantees.

COMPLETION SECURITY: The qf shall pay to the Company a security deposit equal to $10.00 per kilowatt ($10.00/kW) of Anticipated Contracted Capacity as described herein as security for qf's completion of the Facility by the in-service date of the Designated Avoided Unit(s). Such security will be required within 60 days of contract execution. Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the qf; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event that the qf fails to complete the construction and achieve Commercial In-Service Status by the in-service date of the Designated Avoided Unit(s).

Continued to Sheet No. 8.340

Continued from Sheet No. 8.335

If the qf achieves commercial in-service status by the in-service date of the Designated Avoided Unit(s) then the entire deposit and any interest therein, if applicable, shall be refunded to the qf upon payment by the qf of the Performance Security as required in Paragraph 4.b.iv.(2). of the Company's Standard Offer Contract. If the qf's Commercial In-Service Date is delayed beyond the in-service date of the Designated Avoided Unit(s), the Company may, upon the request of the qf, extend such date for a period not to exceed five (5) months, in which case the Company shall be entitled to retain or draw down on an amount equal to 20% of the original deposit amount for each month (or portion thereof) that the completion of the project is delayed. If the qf's Commercial In-Service Date is delayed and an extension has not been granted or such date is delayed beyond the extended completion date, then the Company shall retain all of the deposit and terminate this Agreement.

PERFORMANCE SECURITY: Within sixty (60) days after the later of the qf's Commercial In-Service Date or the in-service date of the Designated Avoided Unit(s), the qf shall pay the Company a deposit in the amount of $10.00/kW of Actual Contracted Capacity as security for the qf's performance under this Agreement. Such security deposit shall be provided in the same manner as the completion security deposit as described in Paragraph 4.b.iv.(1). of the Company's Standard Offer Contract. Such performance security shall be retained by the Company for twelve (12) months from the later of the qf's Commercial In-Service Date or the in-service date of the Designated Avoided Unit(s).

If, at the end of the twelve month period so described, the qf's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor meet the MPS as set forth in Rate Schedule COG-2, then the qf shall be entitled to a refund of such deposit. However, if, at the end of the first twelve month period, the qf's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor fail to meet the MPS, then the Company shall be entitled to retain or draw down 50% of such deposit and retain the remainder of the security for an additional twelve month period.

Continued to Sheet No. 8.345

Continued from Sheet No. 8.340

If, at the end of the twenty fourth month, the qf's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor again fail to achieve the MPS, for the most recent 12-month period, then the Company shall be entitled to retain the remainder of the security and to terminate the contract. However, if at the end of the twenty fourth month, the qf's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor meet the MPS, for the most recent 12-month period, then the qf shall be entitled to a refund of the remaining deposit.

For the purpose of this calculation, the 12-month average of a parameter shall be defined to equal the sum of each month's average numerical value for that parameter, for the most recent 12-month period, divided by twelve (12).

LIQUIDATED DAMAGES: The parties hereto agree that the Company would be substantially damaged in amounts that would be difficult or impossible to ascertain in the event that the qf fails to complete the Facility by the in-service date of the Designated Avoided Unit(s) or to provide a Facility which meets the MPS. In the event that the Company terminates this Agreement for the qf's failure to achieve commercial in-service status by the in-service date of the Designated Avoided Unit(s) or achieve the MPS once in service, the Company may retain all of the completion or performance security as liquidated damages, not as penalty, in lieu of actual damages and the qf hereby waives any defenses as to the validity of any such liquidated damages. In the event the qf defaults, it forfeits the aforesaid Completion and/or Performance Security. In addition thereto, the Company shall be entitled to pursue such equitable remedies against the qf as may be available.

REPAYMENT OF EARLY CAPACITY PAYMENTS: FPSC Rule 25-17.0832(3)(c), F.A.C., also requires that when early capacity payments are elected, the qf must provide a security deposit for assurance of repayment of Early Capacity Payments in the event the qf is unable to meet the terms and conditions of its contract. Depending on the nature of the qf's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Standard Offer Contract; one of the following may constitute an equivalent assurance of repayment:

Continued to Sheet No. 8.350

Continued from Sheet No. 8.345

1. cash deposited in an interest bearing escrow account mutually acceptable to the Company and the qf; or

2. an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or

3. a performance bond in form and substance satisfactory to the Company.

The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event that the qf fails to meet the terms and conditions of its contract.

The Company will cooperate with each qf applying for early capacity payments to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the qf. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the qf and the Company's ratepayers.

Florida Statute 377.709(4), requires the local government to refund early capacity payments should a municipal solid waste facility owned, operated by or on behalf of a local government be abandoned, closed down or rendered illegal, therefore a utility may not require risk-related guarantees from a municipal solid waste facility as required in FPSC Rule 25-17.0832(2)(c) and (3)(e)(8), F.A.C. However, at its option, a municipal solid waste facility may provide such risk-related guarantees.

DESIGNATED AVOIDED UNIT
PARAMETERS FOR AVOIDED CAPACITY COSTS
SCHEDULE COG-2
APPENDIX B

Beginning with the in-service date (1/1/2001) of the Company's Designated Avoided Unit (a 180 MW (Winter Rating) natural gas-fired Combustion Turbine), for a one year deferral:			Value
VAC_m	=	Company's monthly value of avoided capacity, in $/kW/month, for each month of year n;	3.30
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year;	1.5973
I_n	=	total direct and indirect cost, in mid-year $/kW including AFUDC but excluding CWIP, of the Designated Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Designated Avoided Unit(s) that would have been paid had the Designated Avoided Unit(s) been constructed;	303.00
O_n	=	total fixed operation and maintenance expense for the year n, in mid-year $/kW/year, of the Designated Avoided Unit(s);	3.81
i_p	=	annual escalation rate associated with the plant cost of the Designated Avoided Unit(s);	2.4%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);	2.7%
r	=	annual discount rate, defined as the Company's incremental after tax cost of capital;	9.37%
L	=	expected life of the Designated Avoided Unit(s); and	30

Continued to Sheet No. 8.360

Continued from Sheet No. 8.355

			Value
n	=	year for which the Designated Avoided Unit(s) is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm capacity and energy;	2001
A_m	=	monthly early capacity payments to be made to the qf starting as early as two years prior to the in-service date of the Company's Designated Avoided Unit(s), in $/kW/month;	2.44
i_p	=	annual escalation rate associated with the plant cost of the Designated Avoided Unit(s);	2.4%
m	=	earliest year for which capacity payments to a qf may be made;	1999
F	=	the cumulative present value of the annual avoided capital cost component of capacity payments for a ten year period, commencing with the in-service date of the Designated Avoided Unit(s) (in $/kW/year in 1999 dollars);	226.60
r	=	annual discount rate, defined as the Company's incremental after tax cost of capital; and	9.37%
t	=	the minimum term, in years, of the contract for the purchase of firm capacity if early capacity payments commence in year m.	12

Parameters for Avoided Energy and Variable Operation and Maintenance Costs

Beginning on January 1, 2001, to the extent that the Designated Avoided Unit(s) would have been operated had it been installed by the Company:

O_v	=	total variable operating and maintenance expense, in $/MWH, of the Designated Avoided Unit(s), in year n;	2.95
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s); and	2.7%
h	=	the average annual heat rate, in British Thermal Units (Btus) per kilowatt-hour (Btu/kWh), of the Designated Avoided Unit(s).	11,114

DESIGNATED AVOIDED UNIT
MINIMUM PERFORMANCE STANDARDS
SCHEDULE COG-2
APPENDIX C

The Company's Standard Offer Contract is based on a 180 MW fully dispatchable simple cycle, natural gas fired Combustion Turbine generating unit with an in-service date of January 1, 2001. In order to receive a Monthly Capacity Payment, all Firm Capacity and Energy provided by qfs shall meet or exceed the following MPS on a monthly basis. The MPS are based on the anticipated peak and off-peak dispatchability, unit availability, and operating factor of a 2001 Combustion Turbine designated as the Avoided Unit over the term of this Standard Offer Contract. The qf's facility will be evaluated against the anticipated performance of the Company's Designated Avoided Unit, starting with the first Monthly Period following the date selected in Paragraph 4.b.ii of the Company's Standard Offer Contract.

1. **Dispatch Requirements:** The qf shall provide peaking capacity to the Company on a firm commitment, first-call, on-call, as-needed basis. In order to receive a Monthly Capacity Payment, for months the unit is to be dispatched, the qf must meet or exceed both the minimum Monthly Availability and Monthly Capacity Factor requirements.

2. **Dispatch Procedure:** The Company shall electronically transmit the next day's expected hour-by-hour dispatch schedule for the qf's unit based on the hour-by-hour Committed Capacity schedule supplied by the qf at 3:00 PM that day. Friday's electronic transmissions will include Saturday, Sunday, and Monday schedules. Communications between the Company and the qf during holiday periods will be similarly adjusted. The qf shall control and operate its unit consistent with the Company's dispatch schedule. From time to time (i.e. during emergency conditions), the Company may be required to adjust or ignore scheduled levels altogether, however, each party shall make reasonable efforts to minimize departures from the daily schedule.

3. **Automatic Generation Control:** At the Company's discretion, the qf will operate its unit with Automatic Generation Control (AGC) equipment, speed governors, and voltage regulators in-service, except at such times when operational constraints of the equipment prevent AGC operation.

Continued to Sheet No. 8.370

Continued from Sheet No. 8.365

a. **Start-up Time:** Upon notification by the Company, the qf's unit shall provide its Committed Capacity within thirty (30) minutes from a cold-start condition.

b. **Minimum Run Time:** Minimum run time for the qf's unit shall be one (1) hour.

BASIS FOR MONTHLY CAPACITY PAYMENT CALCULATION:

1. **Monthly Availability Factor:** The qf's Monthly Availability Factor will be calculated by averaging the Hourly Availability Factors for each hour of the Monthly Period. The Hourly Availability Factor may not exceed 100% and shall be defined as the hourly Committed Capacity expressed as a percentage of Contracted Capacity to the nearest whole percentile. The qf is required to achieve a minimum Monthly Availability Factor of ninety percent (90%) in order to meet the MPS and be eligible to receive a Monthly Capacity Payment. Periods of Annual Planned Maintenance will be excluded from the calculation of the Monthly Availability Factor. For purposes of calculating the Monthly Availability Factor, the qf's Committed Capacity may not exceed its Contracted Capacity.

2. **Monthly Capacity Factor:** In addition to the MPS for Monthly Availability, the qf shall provide Committed Capacity into the Company's electric grid in order to meet or exceed a Monthly Capacity Factor of eighty percent (80%). The Monthly Capacity Factor for the period April 1 through October 31, shall be defined as the sum of eighty percent (80%) of the Monthly Average On-peak Operating Factor plus twenty percent (20%) of the Monthly Average Off-peak Operating Factor. The Monthly Capacity Factor for the period November 1 through March 31, shall be defined as the sum of ninety percent (90%) of the Monthly Average On-peak Operating Factor plus ten percent (10%) of the Monthly Average Off-peak Operating Factor.

a. **Operating Factor:** The qf shall endeavor to provide capacity in the amount dispatched by the Company. The Company may at times request capacity in an amount that exceeds the Committed Capacity as declared by qf the previous day.

Continued to Sheet No. 8.375

Continued from Sheet No. 8.370

However, the Operating Factor may not exceed 100% and shall be defined as the actual energy received during each hour divided by the lessor of the qf's committed capacity or the capacity requested by the Company for that hour, expressed to the nearest whole percentile.

b. **Monthly Average On-peak Operating Factor:** The monthly average of the Operating Factor for all hours the qf unit has been dispatched during On-peak Hours will be termed the Monthly Average On-peak Operating Factor.

c. **Monthly Average Off-peak Operating Factor:** The monthly average of the Operating Factor for all hours the qf unit has been dispatched during Off-peak Hours will be termed the Monthly Average Off-peak Operating Factor.

3. **Off-Peak and On-Peak Hours:** Those weekday hours occurring April 1 through October 31, from 12:00 noon to 9:00 p.m. and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and from 6:00 p.m. to 10:00 p.m. All other weekday hours and weekends shall be deemed Off-peak Hours including the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The Company shall have the right to change such On-peak Hours by providing written notice to qf a minimum of ninety (90) calendar days prior to such change.

4. **Annual Scheduled Maintenance:** Each year the qf shall prepare, coordinate, and provide by April 1st all planned maintenance with the Company. The Company will review and approve annual/major scheduled maintenance by July 1st, for the balance of the current year and following calendar year. A maximum of two (2) weeks (336 hours) each year for annual maintenance and a total of five (5) weeks (840 hours) every fifth year for major overhauls will be allowed. Scheduled maintenance shall not be planned during December through February without prior written consent from the Company. At the option of the qf and by written notification to the Company, scheduled outage time may be utilized during any other months to improve the qf's Availability and Capacity Factors and such scheduled outage hours will be disregarded from the Monthly Availability Factor and Capacity Factor calculations. However, once allowable maintenance hours have been utilized, all other hours during the year will be considered in Availability and Capacity Factor calculations.

Continued to Sheet No. 8.380

Continued from Sheet No. 8.380

During November 1 - March 31:

= 90% x Monthly Average On-peak Operating Factor +

10% x Monthly Average Off-peak Operating Factor

6. Non-Dispatch Condition: The qf may be entitled to a Monthly Capacity Payment (BCC X CC) even if the qf's unit was not dispatched by the Company during a Monthly Period. In this instance however, in order to cover the Company's operating reserve criteria, the qf unit must have achieved a minimum Monthly Availability Factor of 90% for the Monthly Period to be eligible to receive a Monthly Capacity Payment.

In the event the qf unit is dispatched during one but not the other (On-peak vs. Off-peak) period during the month, the qf's Monthly Average Operating Factor for the "non-dispatched" period will be set equal to the Monthly Average Operating Factor achieved during the "dispatched" period, for the purpose of calculating the Monthly Capacity Factor, as defined in the Section entitled Basis for Monthly Capacity Payment Calculation, Paragraph 2 herein.

The qf may be entitled to a Monthly Capacity Payment when the qf's unit is out of service during the month for allowable scheduled maintenance in accordance with the Section entitled Basis for Monthly Capacity Payment Calculation, Paragraph 4.

BASIS FOR MONTHLY ENERGY PAYMENT CALCULATION:

1. Energy Payment Rate: Prior to January 1, 2001, the qf's Energy Payment Rate shall be the Company's As-Available Energy Payment Rate, as described in Appendix D. Starting January 1, 2001, the basis for determining the Energy Payment Rate will be whether;

a. The Company has dispatched the qf's unit on AGC; or

b. The Company has dispatched the qf's unit off AGC and the qf is operating its unit at or below the dispatched level; or

c. The Company has dispatched the qf's unit off AGC but the qf is operating its unit above the dispatched level; or

d. The Company has not dispatched the qf's unit but the qf is providing capacity and energy.

Continued to Sheet No. 8.390

Continued from Sheet No. 8.385

Note: For any given hour the qf unit must be operating on AGC a minimum of 30 minutes to qualify under case (a).

The qf's total monthly energy payment shall equal; (1) the sum of the hourly energy at the Unit Energy Payment Rate (EPR), when the qf's unit was dispatched by the Company, plus (2) the sum of the hourly energy at the corresponding hourly As-Available Energy Rate when the qf's unit was operating at times other than when the Company dispatched the unit.

2. **Unit Energy Payment Rate:** Starting January 1, 2001, the qf will be paid at the EPR for energy provided in Paragraph 1.a, Paragraph 1.b and that portion of the energy provided up to the dispatched level in Paragraph 1.c as defined in the Section entitled Basis for Monthly Energy Payment Calculations. The EPR, which is based on the Company's Designated Avoided Unit and Heat Rate value of 11,114 Btu/kWh, will be calculated monthly by the following formula:

$$EPR = FC + VOM,$$

where;

VOM = Unit Variable Operation & Maintenance Expense in $/MWH defined in Rate Schedule COG-2, Appendix B.

FC = Fuel Component of the Energy Payment in $/MWH as defined by:

$$FC = \frac{11{,}114 \text{ Btu/kWh} \times FP}{1{,}000}$$

Continued to Sheet No. 8.395

Continued from Sheet No. 8.390

where;

FP = Fuel Price in $/MMBTU determined by:

FP = GC + TC + GRI + ACA + TCR + FRC,

where;

GC = Fuel Price in $/MMBTU determined by taking the first publication of each month of Inside FERC's Gas Market Report low price quotation under the column titled "Range" for "Florida Gas Transmission Co., Louisiana" listings.

TC = then currently approved Florida Gas Transmission (FGT) Company tariff rate in $/MMBTU for Interruptible Transmission Service (ITS-1).

GRI = then currently approved FGT Company tariff rate in $/MMBTU for recovery of charges for the Gas Research Institute.

ACA = then currently approved FGT Company tariff rate in $/MMBTU for recovery of charges permitted by Section 154.38(d)(6) of the FERC regulations under the Natural Gas Act.

TCR = then currently approved FGT Company tariff rate in $/MMBTU for recovery of costs associated with FGT's obligation to satisfy long term take-or-pay agreements.

FRC = then currently approved FGT Company tariff rate in $/MMBTU for recovery of costs associated with the natural gas used to operate FGT's pipeline system.

3. **As-Available Energy Payment Rate:** For energy provided and not covered under Paragraph 2 above, the As-Available Energy Payment Rate will be applicable and will be based on the system avoided energy cost as defined in Appendix D.

Continued from Sheet No. 8.375

5. **Monthly Capacity Payment:** Starting with the qf's Commercial In-Service Date, for months when the qf unit has been dispatched (provided that qf has achieved at least a 90% Monthly Availability Factor), the Monthly Capacity Payment for each Monthly Period shall be calculated according to the following:

a. In the event that the Monthly Capacity Factor is less than 80%, no Monthly Capacity Payment shall be paid to the qf. That is:

MCP = $0

b. In the event that the Monthly Capacity Factor is greater than or equal to 80% but less than 90%, the Monthly Capacity Payment shall be calculated from the following formula:

MCP = [(BCC) x (.02 x (CF-45))] x CC

c. In the event that the Monthly Capacity Factor is greater than or equal to 90%, the Monthly Capacity Payment shall be calculated from the following formula:

MCP = (BCC)xCC

Where:

MCP = Monthly Capacity Payment in dollars.

BCC = Base Capacity Credit in $/KW-Month pursuant to Tariff Sheet No. 8.225.

CC = Contracted Capacity in KW.

CF = Monthly Capacity Factor; or

During April 1 - October 31:

= 80% x Monthly Average On-peak Operating Factor +

20% x Monthly Average Off-peak Operating Factor

Continued to Sheet No. 8.385

METHODOLOGY TO BE USED
IN THE CALCULATION OF
AVOIDED ENERGY COST
SCHEDULE COG-2
APPENDIX D

The methodology the Company has implemented in order to determine the appropriate avoided energy costs and any payments thereof to be rendered to qfs is consistent with the provisions of Order No. 23625 in Docket No. 891049-EU, issued on October 16, 1990, and with the Amendment of FPSC Rules 25-17.080 et seq, F.A.C..

The avoided energy costs methodology used to determine payments to qfs on an hourly basis is based on the incremental cost of fuel using the average price of replacement fuel purchased in excess of contract minimums and is further described in Exhibit #1. Generally, avoided energy costs are defined to include incremental fuel, identifiable variable operation and maintenance expenses, identifiable variable purchased power costs and an adjustment for line losses reflecting delivery voltage.

Under normal conditions the Company will have additional generation resources available which can carry its native load and firm interchange sales without the qf's contribution. When this is the case and the qf is present, the incremental fuel portion of the avoided energy cost is equal to the difference between the Company's production cost at two load levels, with and without the qf's contribution.

In those situations where the Company's available maximum generation resources (not including its minimum spinning reserves) are insufficient to carry its native load and firm interchange sales, in the absence of the qf contribution, the Company's incremental fuel component of the avoided energy cost will be determined by:

1. system lambda - if "off-system purchases" are not being made and all available generation has been dispatched; or

2. the highest incremental cost of any "off-system purchases" that are being made for native load.

Examples of these situations are found in Exhibits #3-#6.

Continued to Sheet No. 8.405

Continued from Sheet No. 8.400

The As-Available Avoided Energy Cost, as determined by this methodology, is priced at a level not to exceed the Company's incremental fuel and identifiable variable operating and maintenance (O&M) expenses including the cost of any off-system purchases for native load.

PARAMETERS FOR DETERMINING AS-AVAILABLE AVOIDED ENERGY COSTS: The Company uses production costing methods for determining avoided energy cost payments to qfs. Computerized production costing is accomplished on an hourly basis. The parameters used are as follows:

1. The system load is the actual system load at the Hour Ending with the clock hour (HE).

2. The first allocation of load for production costing is to those units that are base loaded at a certain level for operating reasons. The remainder of the load is allocated to units available for economic dispatch through the use of incremental cost curves.

3. The fuel costs associated with each of the Company's units operating at its allocated level of generation is determined by using the individual units input/output equation, its heat rate performance factor and the composite price of supplemental fuel.

4. The Company's own production cost for each hour of operation at a particular generation level equals the sum of the individual units' fuel cost for that hour. The production cost, thus determined, consists of the composite price of replacement fuel based on supplemental purchases and the incremental heat rate for the generating system.

5. The Company's total cost equals its own production cost (Paragraph 4 above), identified variable O&M, plus the cost of any off-system purchases to serve native load.

6. Native load includes all firm and non-firm retail load.

7. The cost of off-system firm and non-firm variable purchases is defined as the highest energy cost energy block purchased for native load during the hour; i.e., SCHEDULES A, B, C, D, X, J, UPP (Unit Power Purchase).

8. Firm interchange sales are included in production cost calculations.

9. The Company's available maximum generation resources in this methodology is defined as the maximum capacity less spinning reserve requirements.

Continued to Sheet No. 8.410

Continued from Sheet No. 8.405

10. The "Standard Tariff Block" is defined to be an x-megawatt (XMW) block equivalent to the combined actual hourly generation delivered to the Company from all qfs making as-available energy sales to the Company. In the absence of metered information on exports from a qf making as-available energy sales to the Company, an estimate of the hourly exports from that Facility will be used, rounded to the nearest 5 MW and then added to the sum of all other known as-available energy purchases for that hour.

PARAMETERS FOR DETERMINING ENERGY PAYMENT RATES: The Company uses production costing methods for determining avoided energy cost payments to qfs. Computerized production costing is accomplished on an hourly basis. The parameters used are as follows:

1. **Prior to the in-service date**: For payments prior to the in-service date of the Designated Avoided Unit, the As-Available Energy Payment Rate in ¢/kWh, calculated in accordance with the Section entitled Basis for Monthly Energy Payment, Paragraph 1 in Appendix C of this Rate Schedule, shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C.

2. **After the in-service date**: For payments after the in-service date of the Designated Avoided Unit, the Unit Energy Payment Rate in ¢/kWh, calculated in accordance with the Section entitled Basis for Monthly Energy Payment, Paragraph 2 in Appendix C of this Rate Schedule, shall be based on the Designated Avoided Unit's energy cost (fuel and variable Operation and Maintenance), to the extent that the Designated Avoided Units would have operated had it been installed by the Company.

Continued to Sheet No. 8.415

Continued from Sheet No. 8.410

SUPPLEMENTAL FUEL: The term "supplemental fuel" refers to that fuel purchased in excess of the Company's long-term contract minimum requirements. As illustrated in Exhibit #1, supplemental fuel can be composed of contract fuel purchases above minimums and fuel purchases on the spot market. When spot prices are lower than prices for minimum tonnages on long term contract purchases, spot prices are "supplemental." Under market conditions where spot prices are greater than the price of coal purchased under contract, it is economical for the Company to purchase more than the contract minimums. In this instance the supplemental price is a combination of the contract price of coal above minimum contract requirements and any coal purchased on the spot market. The Company looks to the supplemental fuel for purposes of incremental pricing to determine the level of as-available energy payments because contract minimum purchases are a fixed expense.

Supplemental fuel is composed of contract fuel purchases above minimum levels and fuel purchases on the spot market. The Company pursues the least expensive alternative whether it be spot purchases or purchases of contract coal above the contract minimum, or a mixture of both. The supplemental fuel price is calculated by weight averaging all of the supplemental fuel purchases, by fuel type, during the preceding month. A Supplemental Fuel Cost Worksheet is shown in Exhibit #2.

With regard to oil-fired generation, the Company treats all of its oil purchases as supplemental fuel inasmuch as it has no contract minimums. For graphic portrayal of Tampa Electric's definition of supplemental fuel see Exhibit #1 attached.

AVOIDED ENERGY COST CALCULATIONS:

Example: #1 No off-system purchases, the Company's generation is capable of carrying its native load and firm sales.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis when no off-system purchases are taking place is as follows:

In these instances, the $/MWH price that the Company will pay the qfs is determined by calculating the production cost at two load levels.

The first calculation determines the Company's production cost without the benefit of cogeneration.

Continued to Sheet No. 8.420

Continued from Sheet No. 8.415

The second calculation determines the Company's production cost with the benefit of cogeneration.

After each of the two calculations are made, the avoided energy cost rate is calculated by dividing the difference in production cost between the two calculations described above by the "Standard Tariff Block." [The "Standard Tariff Block" is defined to be an XMW block equivalent to the combined actual hourly generation delivered to the Company from all qfs making as-available energy sales to the Company. In the absence of metered information on exports from a qf making as-available energy sales to the Company, an estimate of the hourly exports from that Facility will be used, rounded to the nearest 5 MWs and then added to the sum of the other as-available purchases for that hour. Prior to the in-service date of the appropriate designated avoided unit, firm energy sales will be equivalent to as-available sales. Beginning with the in-service date of the appropriate Designated Avoided Unit(s), firm energy purchases from qfs shall be treated as "as-available" energy for the purposes of determining the XMW block size only during the periods that the appropriate designated avoided unit would not be operated.] The difference in production costs divided by the XMW block determines the As-Available Energy Payment Rate (AEPR) for the hour. The AEPR will be applied to the "Actual" qf MWs purchased during the hour to determine payment to each qf supplying as-available energy, and each qf supplying firm energy in those instances where the avoided unit would not have been operated during the hour. See Exhibit #3 (Example #1).

Example #2 Off-system purchases are not being made. The Company's generation can only carry its native load and firm sales with the qf contribution.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis whenever the Company is not purchasing off-system interchange is as follows:

In this instance, the avoided energy cost that the Company will pay the qfs will be determined by calculating the production cost at the last MW load level. The avoided energy cost is the production cost at system lambda. See Exhibit #4. (Example #2a)

Continued to Sheet No. 8.425

Continued from Sheet No. 8.420

In the situation where the Company's generation is not fully dispatched, and additional generation capability is available to price a portion of the qf block, then the qf block will be priced at a combination of the difference between the Company's production cost at two load levels as previously defined and at system lambda. See Exhibit #5. (Example #2b)

Example #3 Off-system purchases are being made to serve native load.

The procedure used to deterministically calculate the incremental avoided energy cost associated with as-available energy on an hour by hour basis whenever the Company is making off-system purchases for native load is as follows:

In this instance, the $/MWH price that the Company will pay is determined by applying the highest incremental cost of the off-system purchases to the qf block. See Exhibit #6. (Example #3)

Line Loss Credit: A credit for avoided line losses reflecting the voltage at which generation by the qfs is received is included in the Company's procedure for the determination of incremental avoided energy cost associated with as-available energy. The Company uses the loss factors used in the Fuel and Purchase Power Cost Recovery Clause for calculating the compensation for avoided line losses at the transmission and distribution system voltage levels based upon the appropriate classification of service.

Example: (Firm Standby Time-of-Day)

Actual Incremental Hourly Avoided Energy Cost is:
$14.80/MWH
Adjustment Factor for Line Losses:
1.0555

The Actual Incremental Hourly Avoided Energy Cost adjusted for avoided line losses associated with as-available energy provided to the Company would then become, in this example, $15.62/MWH.

"Identifiable" Incremental Variable O&M: A procedure for approximating the "Identifiable" Incremental Variable O&M expenses is included in the Company's methodology for the determination of incremental avoided energy costs associated with as-available energy.

Continued to Sheet No. 8.430

Continued from Sheet No. 8.425

The calculation of the variable O&M expense component associated with as-available energy is made annually in accordance with a system that differentiates actual annual total O&M costs into estimates of both fixed and variable components. This procedure, developed by the Electric Power Research Institute (EPRI), was published in their Technical Assessment Guide (TAG) Special Report, dated May 1982, (EPRI P-2410-SR).

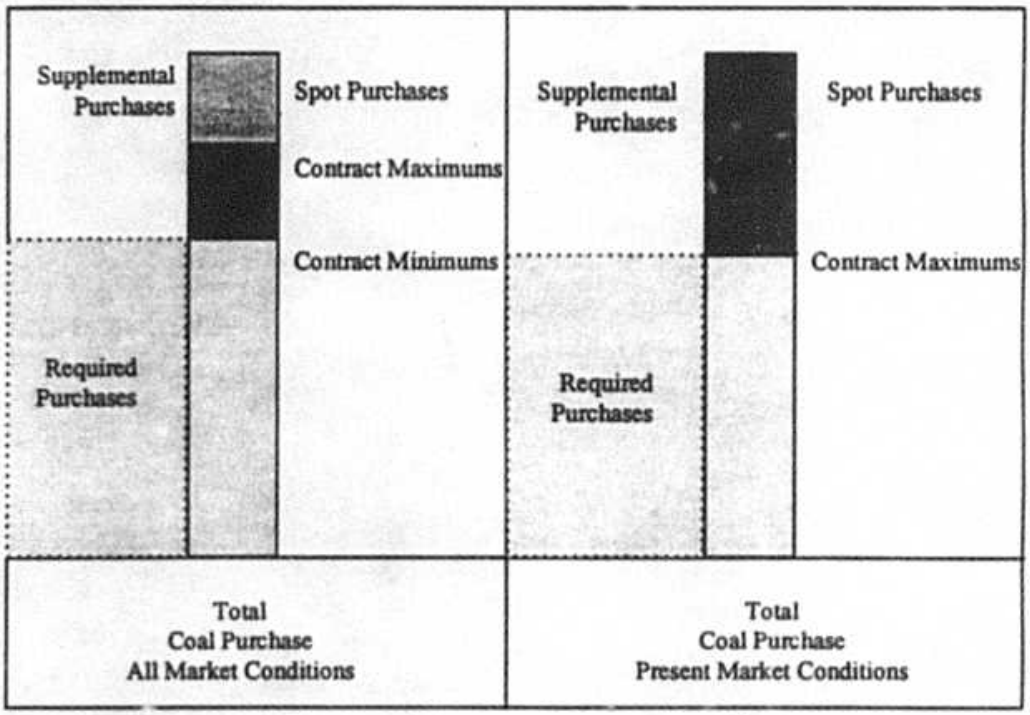
The EPRI-TAG assumptions provide an easily used and useful formula that approximates a fair payment for avoided variable O&M expenses. As such, it can be easily calculated and monitored using readily available information. Once identified, based on the previous year's actual total O&M cost for coal-fired generation, the incremental avoided energy cost associated with as-available energy is adjusted to compensate for these variable expenses. (See Exhibit #7)

Continued to Sheet No. 8.435

Continued from Sheet No. 8.430

EXHIBIT #1

REQUIRED AND SUPPLEMENTAL COAL PURCHASES
UNDER DIFFERENT MARKET CONDITIONS



Continued to Sheet No. 8.440

Continued from Sheet No. 8.435

EXHIBIT #2

SUPPLEMENTAL FUEL COST WORKSHEET

Revised December 1988

UNITS DELIVERED	SUPPLIER	SUPPLEMENTAL COAL COST $/TON	INCREMENTAL TRANS. COST $/TON	TOTAL $/TON	AUGUST AVERAGE BTU/LB	AUGUST AVERAGE C/MMBTU	AUGUST TONS	SUPPLEMENTAL FUEL COST
	C/MMBTU							
Gannon 1-4	A			$45.30				177.50
Gannon 5&6	B			$45.48				176.44
Big Bend 1&2	C			$29.22				123.13
	D			$31.67				
	E			$32.08				
			Average	$29.87				
Big Bend 3[1]	F			$60.55				173.67
			Blended Average	$42.28				
Big Bend 4	G			$41.70				181.31
	H			$37.21				
			Average	$41.11				
#2 Oil	I			$19.41/BBL				334.64

[1] Revised: Big Bend Unit #3 is burning a 60/40 blend of blend/standard coal.

Continued to Sheet No. 8.445

Continued from Sheet No. 8.440

EXHIBIT #3

Example #1 No off-system purchases, the Company's generation is capable of carrying its native load and firm sales.

Given:

Actual qf Energy = 50 MWs
The Company's Maximum Available Generation = 1560 MWs
Native Load = 1550 MWs
Firm Sales = 10 MWs

First Calculation (WITHOUT qf):

Production Cost at 1560 MWs = $20,275/hour

Second Calculation (WITH qf):

Production Cost at 1510 MWs = $19,500/hour

Third Calculation (qf Rate $/MWH):

Actual Hourly Avoided Energy Cost =
($20,275/hour - $19,500/hour) / (50MW)

or

As-Available Energy Payment Rate (AEPR) = $15.50/MWH

Continued to Sheet No. 8.450

Continued from Sheet No. 8.445

EXHIBIT #4

Example #2a Off-system purchases are not being made. The Company's generation can carry its native load and firm sales only with the qf contribution.

Given:

Actual qf Energy = 50 MWs
The Company's Maximum Available Generation = 1460 MWs
Native Load = 1500 MWs
Firm Sale = 10 MWs

First Calculation:

Production Cost at 1460 MWs = $18,900/hour

Second Calculation:

Production Cost at 1459 MWs = $18,882.50/hour

Third Calculation (qf Rate $/MWH):

Actual Hourly Avoided Energy Cost at 1 MW (system lambda[1]) =
($18,900/hour - $18,882.50/hour) / (1 MW)

or

As-Available Energy Payment Rate (AEPR) = $17.50/MWH

NOTE:

[1] In this example, system lambda is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

Continued to Sheet No. 8.455

Continued from Sheet No. 8.450

EXHIBIT #5

Example #2b Off-system purchases are not being made to serve native load and firm sales. Available generation capacity is not fully dispatched. Without the qf's contribution, the Company's native load and firm sales can be carried only with additional power purchases.

Given:

Actual qf Energy = 50 MWs
The Company's Maximum Available Generation = 1530 MWs
The Company's Actual Generation = 1500 MWs
Native Load = 1540 MWs
Firm Sale = 10 MWs

Step 1 (Calculations for First 30 MWs)

First Calculation (Without qf):
Production Cost at 1530 MWs = $20,590/hour
Second Calculation (With qf):
Production Cost at 1500 MWs = $20,050/hour
Third Calculation:
Actual Hourly Avoided Energy Cost at 30 MWs =
($20,590/hour) - ($20,050/hour) = $540/hour

Step 2 (Calculations for Remaining 20 MWs)

First Calculation:
Production Cost at 1530 MWs = $20,590/hour
Second Calculation:
Production Cost at 1529 MWs = $20,571.50/hour
Third Calculation:
Actual Hourly Avoided Energy Cost at 1 MW (system lambda[1]) for 20 MWs =
($20,590/hour - $20,571.50/hour) X (20 MWs) = $370/hour

Step 3 (Calculation of Composite Rate for Total 50 MW Block)

Composite Actual Hourly Avoided Energy Cost of 50 MW Block =
($540 + $370) / 50 MW

or

As-Available Energy Payment Rate (AEPR) = $18.20/MWH

NOTE:

[1] In this example, system lambda is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

Continued to Sheet No. 8.460

Continued from Sheet No. 8.455

EXHIBIT #6

Example #3 Off-system purchases are being made, the Company's native load and firm sales can be carried only with additional purchase power

Given:

Actual qf Energy = 50 MWs
The Company's Maximum Available Generation = 1500 MWs
The Company's Actual Generation = 1500 MWs
Native Load = 1540 MWs
Firm Sales = 20 MWs
Off-System Purchase[1] = 10 MWs Costing $400/hour

Actual Incremental Hourly Avoided Energy Cost = $400 / 10 MW

or

As-Available Energy Payment Rate (AEPR) = $40/hour

NOTE:

[1] Off-System Purchase shall be the highest cost purchased energy block bought during the hour for native load.

Continued to Sheet No. 8.465

Continued from Sheet No. 8.460

EXHIBIT #7

The calculation of the variable O&M cost adjustment factor associated with as available energy is made once each year, based on the previous year's actual total O&M cost for coal-fired generation, in accordance with the procedure found in the EPRI-TAG Special Report dated May 1982, (EPRI P-2410-SR). The formula assumes the fixed portion of total annual O&M dollars equals the capacity factor (%) times the total annual O&M dollars. The variable portion is (1 - capacity factor) times the total annual O&M dollars. The capacity factor is based on the total period hours less those hours the units are off line due to economic dispatch for low load periods. Continuing the logic further, the adjustment factor to be added to the avoided energy cost equals the variable rate as determined annually and applied in the form of an hourly adjustment to the actual incremental hourly avoided energy cost.

Example Given:	1983 TEC Coal Generation	MW	
1) Big Bend	1	367	
	2	362	
	3	375	
	3	10	upgrade
Gannon	5	218	
	6	351	
	4	169	conversion

MW available per unit from net generation listed in the System Data Book for the same time period:

2) Coal Generation 1983 = 10,493,266 MWH

3) O&M for coal 1983 = $35,320,252

Continued to Sheet No. 8.470

Continued from Sheet No. 8.465

EXHIBIT #7 - continued

ESTIMATED
1983 VARIABLE O&M RATE CALCULATION

		(MW)		(Hours)	(MWH)
Big Bend	1	367	@	8760	3,214,920
	2	362	@	8760	3,171,120
	3	375	@	8760	3,285,000
Upgrade	3	10	@	2208	22,080
Gannon	5	218	@	8760	1,909,680
	6	351	@	8760	3,074,760
Conversion to Coal	4	169	@	2208	373,152
TOTAL					15,050,712
Generation (1983 Actual for Coal)					10,493,266

Average Coal Capacity Factor = $\frac{10,493,266}{15,050,712}$ X 100%

= 69.72%

Total O&M for Coal = $35,320,252

Variable Component = $35,320,252 X (1 - .6972)

= $10,694,972

Estimated Variable O&M Cost[1] = $\frac{10,694,772}{10,493,266}$ = $1.02/MWH

1 Was added to 1984's actual incremental hourly avoided energy cost, after approval by the FPSC.

Continued from Sheet No. 8.250

c. The qf shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and

d. The qf shall coordinate scheduled outages with the Company; and

e. The qf shall comply with the reasonable requests of the Company regarding daily or hourly communications.

DELIVERY VOLTAGE ADJUSTMENT: Energy Payments to qfs within the Company's service territory shall be adjusted according to the delivery voltage by the following multipliers:

Rate Schedule	Adjustment Factor
RS, GS	1.0616
GSD, GSLD, SBF	1.0561
IS-1, IS-3	1.0254
SBI-1, SBI-3	1.0254

METERING REQUIREMENTS: Qfs within the territory served by the Company shall be required to purchase from the Company the necessary hourly recording meters to measure their energy production. Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period. Energy purchases from qfs outside the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering Firm Capacity and Energy to the Company.

Continued to Sheet No. 8.260

Continued from Sheet No. 8.255

BILLING OPTIONS: The qf upon entering into a contract for the sale of Firm Capacity and Energy or prior to delivery of As-Available Energy to the Company shall elect to make either simultaneous purchases from the interconnecting utility and sales to the Company or net sales to the Company. The billing option elected may only be changed:

1. when the qf selling As-Available Energy enters into a negotiated contract or standard offer contract for the sale of Firm Capacity and Energy; or

2. when a Firm Capacity and Energy contract expires or is lawfully terminated by either the qf, or the Company; or

3. when the qf is selling As-Available Energy and has not changed billing methods within the last twelve months; and

4. when the election to change billing methods will not contravene the provisions of FPSC Rule 25-17.0832, F.A.C., or any contract between the qf and the Company.

If the qf elects to change billing methods in accordance with FPSC Rule 25-17.082, F.A.C., such a change shall be subject to the following provisions:

1. upon at least thirty (30) days advance written notice to the Company; and

2. upon the installation by the Company of any additional metering equipment reasonably required to effect the change in billing methodology and upon payment by the qf for such metering equipment and its installation; and

3. upon completion and approval by the Company of any alterations to the interconnection reasonably required to effect the change in billing methodology and upon payment by the qf for such alterations.

Continued to Sheet No. 8.265

Continued from Sheet No. 8.260

Should a qf elect to make simultaneous purchases and sales, purchases of electric service by the qf from the interconnecting utility shall be billed at the retail rate schedule under which the qf load would receive service as a non-generating customer of the utility; sales of electricity delivered by the qf to the purchasing utility shall be purchased at the utilities avoided capacity and energy rates, where applicable, in accordance with FPSC Rules 25-17.0825 and 25-17.0832, F.A.C.

Should a qf elect a net billing arrangement, the hourly net capacity and energy sales delivered to the purchasing utility shall be purchased at the utility's avoided capacity and energy rates, where applicable, in accordance with FPSC Rules 25-17.0825 and 25-17.0832, F.A.C. Purchases from the interconnecting utility shall be billed pursuant to the utility's applicable standby service or supplemental service rate schedules.

Under the net sales billing option, the qf may commit Firm Capacity to the Company's system. Committed capacity is described in the Standard Offer Contract. For the net sales billing option, the committed capacity is additional to internal use, and the rates for purchase, and the performance criteria apply only to the power delivered to the Company. Although a billing option may be changed in accordance with FPSC Rule 25-17.082, F.A.C., the Contracted Capacity may only change through mutual negotiations satisfactory to the qf and the Company.

Customer charges that are directly attributable to the purchase of Firm Capacity and Energy from the qf are deducted from the qf's total monthly payment. A statement covering the charges and payments due the qf is rendered monthly and payment normally is made by the twentieth (20th) business day following the end of the Monthly Period.

CHARGES/CREDITS TO THE QF:

1. **Customer Charges:** A monthly Customer Charge will be rendered for maintaining an account for a qf engaged in either an As-Available Energy or Firm Capacity and Energy transaction and for other applicable administrative costs. Actual charges will depend on how the qf is interconnected to the Company.

Qfs not directly interconnected to the Company, will be billed $580 monthly as a Customer Charge.

Continued to Sheet No. 8.270

Continued from Sheet No. 8.265

Monthly customer charges, applicable to qfs directly interconnected to the Company, by Rate Schedule are:

Rate Schedule	Customer Charge	Rate Schedule	Customer Charge
RS	$ 8.50	RST	$ 11.50
GS	8.50	GST	11.50
GSD	42.00	GSDT	49.00
GSLD	255.00	GSLDT	255.00
SBF	280.00	SBFT	280.00
IS-1	1,000.00	IST-1	1,000.00
IS-3	1,000.00	IST-3	1,000.00
SBI-1	1,025.00	SBIT-1	1,025.00
SBI-3	1,025.00	SBIT-3	1,025.00

When appropriate, the Customer Charge will be deducted from the qf's monthly payment. A statement of the charges or payments due the qf will be rendered monthly. Payment normally will be made by the twentieth (20th) business day following the end of the billing period.

2. **Interconnection Charge for Non-Variable Utility Expenses:** The qf shall bear the cost required for interconnection including the metering. The qf shall have the option of payment in full for interconnection or make equal monthly installment payments over a thirty-six (36) month period together with interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate to be determined by the Company thirty (30) days prior to the date of each payment.

3. **Interconnection Charge for Variable Utility Expenses:** The qf shall be billed monthly for the cost of varinble utility expenses associated with the operation and maintenance of the interconnection. These costs include a) the Company's inspections of the interconnection and b) maintenance of any equipment beyond that which would be required to provide normal electric service to the qf with respect to other Customers with similar load characteristics.

4. **Taxes and Assessments:** The qf shall be billed monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its purchases of Firm Capacity and Energy produced by the qf.

Continued to Sheet No. 8.275

Continued from Sheet No. 8.270

If the Company obtains any tax savings as a result of its purchases of Firm Capacity and Energy produced by the qf, which tax savings would not have otherwise been obtained, those tax savings shall be credited to the qf.

5. **Emission Allowance Clause:** Subject to approval by the FPSC, the qf shall receive a monthly credit, to the extent the Company can identify the same, equal to the value, if any, of any reduction in the number of air emission allowances used by the Company as a result of its purchase of Firm Capacity and Energy produced by the qf; provided that no such credit shall be given if the cost of compliance associated with air emission standards is included in the determination of full avoided cost.

TERMS OF SERVICE:

1. It shall be the qf's responsibility to inform the Company of any change in its electric generation capability.

2. Any electric service delivered by the Company to the qf shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.

3. A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:

   a. In the first year of operation, the security deposit should be based upon the singular month in which the qf's projected purchases from the utility exceed, by the greatest amount, the utility's estimated purchases from the qf. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit should be required upon interconnection.

Continued to Sheet No. 8.280

Continued from Sheet No. 8.275

b. For each year thereafter, a review of the actual sales and purchases between the qf and the utility shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the qf exceed the actual sales to the utility in that month.

4. The Company shall specify the point of interconnection and voltage level.

5. The Company will, under the provisions of this Schedule, require an agreement with the qf upon the Company's filed Standard Offer Contract and Interconnection Agreement. The qf shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated and may require modifications to the Company's General Standards for Safety and Interconnection where applicable.

6. Service under this rate schedule is subject to the rules and regulations of the Company and the FPSC.

SPECIAL PROVISIONS:

1. Negotiated contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the FPSC.

2. In accordance with the provision in FPSC Rule 25-17.0883, F.A.C., the Company is required to provide transmission and distribution service to enable a retail customer to transmit electrical power generated at one location to the customer's facilities at another location when provision of such service and its associated charges, terms, and other conditions are not reasonably projected to result in higher cost of electric service to the Company's general body of retail and wholesale Customers or adversely affect the adequacy or reliability of electric service to all Customers.

A determination of whether or not such service is likely to result in higher cost electric service will be made by evaluating the results of an appropriately adjusted FPSC approved cost effectiveness methodology, in addition to other modeling analyses.

Continued to Sheet No. 8.285

Continued from Sheet No. 8.280

3. In accordance with FPSC Rule 25-17.089, F.A.C., upon request by a qf, the Company shall provide transmission service in accordance with its Open Access Transmission Tariff to wheel As-Available Energy or Firm Capacity and Energy produced by a qf from the qf to another electric utility.

4. The rates, terms, and conditions for any transmission and ancillary services provide to a qf shall be those approved by the Federal Energy Regulatory Commission (FERC) and contained in the Company's Open Access Transmission Tariff.

5. A qf may apply for transmission and ancillary services from the Company in accordance with the Company's Open Access Transmission Tariff. Requests for service must be submitted on the Company's Open Access Same-Time Information System ("OASIS"). The Company's contact person, phone number and address is posted and updated on the OASIS and can be viewed by the public on the Internet at the address: http://www.enx.com/FOA_Contacts.html. A copy of the Company's Open Access Transmission Tariff is also posted at the address: http://www.enx.com/FOA/teco_home.html.

6. If the qf is located outside of the Company's transmission area, then the qf must arrange for long term firm third-party transmission, ancillary services and an interconnection agreement on all necessary external transmission paths for the term of the contract.

PROCEDURE FOR PROCESSING STANDARD OFFER CONTRACTS: The Company's Standard Offer Contract will become available for subscription during a 2-week open-season period which will commence on the final effective date of the Standard Offer Contract, as approved by the FPSC.

The Company will only "receive" Standard Offer Contracts during a 2-week open-season period. All Standard Offer Contracts delivered to the Company during a 2-week open-season period will be considered to have been "received" on the final day of the period.

Continued to Sheet No. 8.290

Continued from Sheet No. 8.285

Within 60 days of the receipt of a signed Standard Offer Contract (60 days from the expiration of a 2-week open-season period), the Company shall either accept and sign the Standard Offer Contract and return it within 5 days to the qf or petition the Commission not to accept the Standard Offer Contract and provide justification for the refusal.

The Company's 2-week open-season period will be defined as the ten (10) successive business days beginning on the final effective date of the Company's Standard Offer Contract. On the tenth (10th) business day, the initial 2-week open-season period will expire at the close of business, 5 PM Eastern Prevailing Time (EPT). All Standard Offer Contracts received during the initial 2-week open-season period will be given equal consideration and each will be reviewed in accordance with the Company's Evaluation Procedure for Standard Offer Contracts. The criteria and procedure used to evaluate Standard Offer Contracts are attached to the Standard Offer Contract as Appendix C.

Each delivered Standard Offer Contract should be clearly labeled "Standard Offer Contract" and shall only be received at the Company's main business address:

Tampa Electric Company
TECO Plaza 4
c/o Manager - Industrial/Governmental Marketing & Sales
702 North Franklin Street (33602)
P. O. Box 111
Tampa, Florida 33601

Certified mail will be the preferred means of Standard Offer Contract delivery. Any Standard Offer Contracts delivered following the expiration of the 2-week open-season will not be considered eligible and will be promptly returned.

Each eligible Standard Offer Contract received during the initial 2-week open-season period, will be evaluated as to its technical reliability, viability and financial stability, as well as other relevant information, in accordance with FPSC Rule 25-17.0832, F.A.C.

Each of the eligible Standard Offer Contracts will be prioritized following the evaluation process. The Company will select and accept Standard Offer Contracts, after the evaluation process, which have convincingly demonstrated that their project is financially and technically viable and that the committed capacity and energy would be available by the date specified in the Standard Offer Contract.

Continued to Sheet No. 8.295

Continued from Sheet No. 8.575

d. Working Capital: Has long-term working capital been secured? Are sufficient reserves available to fund six-months of debt service? Are sufficient funds available to cover six-months of O&M expenses? Does project have warranties for key operating equipment during the first year of operations? Please provide detail.

EVALUATION CRITERIA AND SCORING: The QF will receive a score of 2, 1, or 0 in each of the categories listed below. A score of "2" indicates that the project fully meets or exceeds the specific requirements that the Company has established for that parameter. A score of "1" indicates that the project may only marginally meet some portion of the established requirements. And, a score of "0" indicates that a sufficient number of the established requirements have not been satisfactorily met.

The Company will accept Standard Offer Contracts on the basis of the information provided in response to the evaluation criteria and upon its judgement of other relevant factors. The Standard Offer Contract receiving the most points and which has convincingly demonstrated that the project is financially and technically viable and that the committed capacity would be available by the date specified in the Standard Offer Contract will be accepted first. The Company will continue to accept successive Standard Offer Contracts until further acceptance of a Standard Offer Contract would cause the subscription limit to be exceeded. Points for each category will be given as follows:

Technical Viability

2 Technology has been proven through commercial application.
1 Technology has been satisfactorily demonstrated in a pilot project (more than two years).
0 Technology has not been satisfactorily demonstrated or proven.

Fuel Availability

2 Primary fuel supply has been secured.
1 Letter of intent to supply primary fuel is in-hand.
0 Primary fuel supply is unsecured.

Fuel Diversity

2 An alternate fuel supply has been secured.
1 Letter of intent to supply alternate fuel is in-hand.
0 Alternate fuel supply is unsecured.

Continued to Sheet No. 8.585

Continued from Sheet No. 8.580

Fuel Transportation

2 Transportation agreement for both primary and alternate fuels has been secured.
1 Transportation agreement appears likely.
0 Transportation agreement is uncertain.

Dispatchability

2 Unit(s) is completely dispatchable or base loaded.
1 Unit(s) is somewhat dispatchable.
0 Unit(s) is not dispatchable.

QF Status

2 QF status has been certified by FERC or the FPSC and has been provided.
1 Application for FERC Certification has been made and has been provided.
0 Application for FERC Certification has not been made.

Operations and Maintenance

2 A long-term O&M agreement (five years or more) has been reached.
1 A long-term O&M agreement appears likely or a short-term O&M agreement (less than five years) has been reached.
0 No decision has been made toward achieving an O&M agreement.

Steam Host

2 A letter of intent with a steam host has been provided.
1 The steam host exists and has been identified, but a letter of intent has not been provided.
0 Steam Host does not exist and/or is unidentified.

Permits

2 Permits and licenses are in-hand.
1 Permits and licenses are not yet secured but no permitting or zoning problems are apparent.
0 Significant doubts exist regarding environmental considerations, permitting and/or zoning.

Continued to Sheet No. 8.590

Continued from Sheet No. 8.585

Construction Schedule and Milestones

2 A Construction schedule exists and Milestones are appropriate for timely completion.
1 Timely completion of project appears likely.
0 Timely completion appears doubtful.

Site Control

2 Site has been secured and does not require specific environmental considerations.
1 Site is identified and is sufficiently secured.
0 Site is uncertain or it requires specific environmental considerations, i.e. wetlands, etc.

Developer's Financial Stability

2 Project developer has a credit rating comparable to Investment-Grade Status.
1 Project developer has a credit rating that is less favorable than Investment-Grade Status.
0 Project developer's credit rating is considered too risky.

Developer's Experience

2 Developer has proven experience developing cogeneration projects.
1 Developer has marginal experience developing cogeneration projects.
0 Developer has no experience developing cogeneration projects.

Project Financing

2 Project financing has been secured.
1 Project financing appears likely.
0 Project financing is uncertain.

Working Capital

2 Working capital has been secured.
1 Working capital appears likely.
0 Working capital is uncertain.

Continued to Sheet No. 8.595

TAMPA ELECTRIC COMPANY

FIRST REVISED ~~ORIGINAL~~ SHEET NO. 8.591
CANCELS ORIGINAL SHEET NO. 8.591

RESERVED FOR FUTURE USE

ISSUED BY: J. B. Ramil ~~G. F. Anderson,~~
President

DATE EFFECTIVE: March ~~31, 1992~~

Continued from Sheet No. 8.590

Please provide the following general information to assist the Company in evaluating your Standard Offer Contract

- Standard Offer Committed Capacity (MW):
- Size and type of generation:
- Any existing or planned capacity commitments or energy sales to other utilities, if so provide detail:
- Will the project directly interconnect into the Company's transmission grid? Please explain:
- If the project is located external to the Company's retail service area, how will the power be delivered to the Company? Please explain:
- Will steam host use a portion of electric generation, if so provide detail:
- Please provide developer's ownership structure for this project:
- Developer's Insurance Carrier:
  - Property damage insurance:
  - Business interruption insurance:
  - Rating of insurance carrier:
- Please provide estimates of the following:
  - Expected annual metered electric output,
  - Expected annual metered useful thermal output, in Btu/hr X operating hours/year,
  - Expected annual metered fuel input, in Btu/hr X operating hours/year.
- Other:

~~TAMPA ELECTRIC COMPANY'S~~
INTERCONNECTION AGREEMENT

This agreement is made and entered into this _____ day of _____, ~~19~~____ by and between _____, hereinafter referred to as "QF" and Tampa Electric Company, a private utility corporation organized under the laws of the State of Florida, hereinafter referred to as the "Company". The QF and the Company ~~Tampa Electric~~ shall collectively be referred to herein as the "Parties."

1. Facility: The QF's generating facility, hereinafter referred to as "Facility," is located at _____, within the Company's ~~Tampa Electric~~ service territory. QF intends to have its Facility installed and operational on or about _____, ~~19~~____. QF shall provide the Company ~~Tampa Electric~~ reasonable prior notice of the Facility's initial operation, and it shall cooperate with the Company ~~Tampa Electric~~ to arrange initial deliveries of power to the Company's system.

The Facility has been or will be certified as a Qualifying Facility pursuant to the rules and regulations of the Florida Public Service Commission (FPSC) or the Federal Energy Regulatory Commission (FERC). The QF shall maintain the qualifying status of the Facility throughout the terms of the Interconnection Agreement. By the end of the first quarter of each year, QF shall furnish the Company ~~Tampa Electric~~ a notarized certificate by an officer of QF certifying that the Facility has continuously maintained qualifying status on a calendar year basis since the commencement of the contract term.

2. Construction Activities: QF shall provide the Company ~~Tampa Electric~~ with written instructions to proceed with construction of the interconnection facilities as described in this Agreement at least 24 months prior to the date on which the facilities shall be completed.

The Company ~~Tampa Electric~~ agrees to complete the interconnection facilities as described in this Agreement within 24 months of receipt of written instructions to proceed.

Upon the parties' agreement as to the appropriate interconnection design requirements and receipt of written instructions to proceed delivered by QF, the Company ~~Tampa Electric~~ shall design and perform or cause to be performed all of the work necessary to interconnect the Facility with the Company's ~~Tampa Electric~~ system.

Continued to Sheet No. 8.605

Continued from Sheet No. 8.600

Prior to any work being done by the Company ~~Tampa Electric Company~~, the Company ~~Tampa Electric~~ shall supply QF with a written cost estimate of all required materials and labor and an estimate of the date by which construction of the interconnection will be completed. This estimate shall be provided to QF within 60 days after QF provides the Company ~~Tampa Electric~~ with its final electrical one-line diagrams. The Company ~~Tampa Electric~~ shall also provide project timing and feasibility information to the QF.

QF agrees to pay the Company ~~Tampa Electric~~ all expenses incurred by the Company ~~Tampa Electric~~ necessary for integration of the Facility into the Company's ~~Tampa Electric~~ electrical system, including but not limited to the design, construction, operation, maintenance and repair of the interconnection facilities described in Exhibit A. Exhibit A shall contain a complete description of the interconnection facilities including the final electrical on-line diagram. Such interconnection costs shall not include any interconnection costs which the Company ~~Tampa Electric~~ would otherwise incur if it were not engaged in interconnected operations with QF but instead provided through its own generation facilities the electric power required by the Facility.

QF agrees to pay the costs for complete interconnection work ($___ dollars): ( ) within 30 days after the Company ~~Tampa Electric~~ notifies QF that such interconnection work has been completed; or ( ) payable in (up to 36) _____ monthly installments, plus interest on the outstanding balance calculated at the 30-day highest grade commercial paper rate in effect 30 days prior to the date each payment is due, such rate to be determined by the Company ~~Tampa Electric~~, with the first such installment payment being due 30 days after the Company ~~Tampa Electric~~ notifies QF that such interconnection work has been completed.

In the event QF notifies the Company ~~Tampa Electric~~ in writing to cease interconnection work before its completion, QF shall be obligated to reimburse the Company ~~Tampa Electric~~ for the interconnection costs incurred up to the date such notification is received. The payment terms shall be in accordance with the payment option selected by the QF in the proceeding paragraph.

3. **Cost Estimates:** Attached hereto as Exhibit B and incorporated herein by this reference is a document entitled, "QF Interconnection Cost Estimates." The parties agree that the cost of the interconnection work contained in Exhibit B is a good faith estimate of the actual cost to be incurred.

Continued to Sheet No. 8.610

Continued from Sheet No. 8.605

4. Technical Requirements and Operations: The parties agree that QF's interconnection with, and delivery of electricity into, the Company's ~~Tampa Electric~~ system must be accomplished in accordance with the provisions of the Company's ~~Tampa Electric~~ "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System," "NERC Planning Standards," September 1997, [Copyright @ 1997 by the North American Electric Reliability Council] attached hereto as Exhibit C, that are applicable to generation and transmission facilities which are connected to, or are being planned to be connected to the Company's transmission system (document provided upon request).

In the event that changes in the engineering or operating standards or practices in the utility industry, and the Company's ~~Tampa Electric Company's~~ corresponding standards or practices or changes in regulatory requirements, affect the design or operation of the Company's ~~Tampa Electric's~~ electrical system, and this in turn necessitates additions to or modifications of the equipment or facilities utilized in order to ensure the continued safe and reliable operations contemplated by this Agreement, as well as the continued compatibility of the Facility with the Company's ~~Tampa Electric's~~ system, QF agrees to bear the cost of such additions or modifications which are directly attributable to the Facility. The costs of such additions or modifications shall not include any costs which the Company ~~Tampa Electric~~ would otherwise incur if it were not engaged in interconnected operations with the Facility, but instead provided through its own generation facilities the electrical power required by the Facility.

In addition, QF agrees to require that the Facility operator immediately notify the Company's ~~Tampa Electric's~~ System Dispatcher by telephone in the event hazardous or unsafe conditions associated with the parties' parallel operations are discovered. If such conditions are detected by the Company ~~Tampa Electric~~, then the Company ~~Tampa Electric~~ will likewise immediately contact the operator of the Facility by telephone. Each party agrees to immediately take whatever appropriate corrective action is necessary to correct the hazardous or unsafe conditions.

To the extent the Company ~~Tampa Electric~~ reasonably determines the same to be necessary to ensure the safe operation of the Facility or to protect the integrity of the Company's ~~Tampa Electric's~~ system, QF agrees to reduce power generation or take other appropriate actions.

Continued to Sheet No. 8.615

Continued from Sheet No. 8.610

5. **Interconnection Facilities:** The interconnection facilities shall include the items listed in Exhibit A. Interconnection facilities on the Company's ~~Tampa Electric's~~ side of the ownership line with QF shall be owned, operated, maintained and repaired by the Company ~~Tampa Electric~~. QF shall be responsible for the cost of designing, installing, operating and maintaining the interconnection facilities on QF's side of the ownership line as indicated in Exhibit A. The QF shall be responsible for establishing and maintaining controlled access by third parties to the interconnection facilities owned by the QF.

6. **Maintenance and Repair Payments:** The Company ~~Tampa Electric~~ will separately invoice QF monthly for all costs associated with the operation, maintenance and repair of the interconnection facilities. QF agrees to pay the Company ~~Tampa Electric~~ within 20 business days of receipt of each such invoice.

7. **Site Access:** In order to help ensure the continuous, safe, reliable and compatible operation of the Facility with the Company's ~~Tampa Electric~~ system, QF hereby grants to the Company ~~Tampa Electric~~ for the period of interconnection the reasonable right of ingress and egress, consistent with the safe operation of the Facility, over property owned or controlled by QF to the extent the Company ~~Tampa Electric~~ deems such ingress and egress necessary in order to examine, test, calibrate, coordinate, operate, maintain or repair any interconnection equipment involved in the parallel operation of the Facility and the Company's ~~Tampa Electric's~~ system, including the Company's ~~Tampa Electric's~~ metering equipment.

8. **Construction Responsibility:** In no event shall any the Company ~~Tampa Electric~~ statement, representation, or lack thereof, either express or implied, relieve QF of its exclusive responsibility for the Facility. Specifically, any the Company ~~Tampa Electric~~ inspection of the Facility shall not be construed as confirming or endorsing the Facility's design or its operating or maintenance procedures nor as a warranty or guarantee as to the safety, reliability, or durability of the Facility's equipment. The Company's ~~Tampa Electric's~~ inspection, acceptance, or its failure to inspect shall not be deemed an endorsement of any Facility equipment or procedure.

Continued to Sheet No. 8.620

Continued from Sheet No. 8.615

9. Insurance: The QF shall deliver to the Company ~~Tampa Electric~~, at least fifteen (15) days prior to the start of any interconnection work, a certificate of insurance certifying the QF's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida naming the QF as named insured, and the Company ~~Tampa Electric~~ as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering the liabilities accepted under this Agreement arising out of the interconnection to the QF, or caused by operation of any of the QF's equipment or by the QF's failure to maintain its equipment in satisfactory and safe operating condition.

~~a~~1. In subsequent years, a certificate of insurance renewal must be provided annually to the Company ~~Tampa Electric~~ indicating the QF's continued coverage as described herein. Renewal certification shall be sent to:

Tampa Electric Company
Risk Management Department
P. O. Box 111
Tampa, FL 33601

~~b~~2. The policy providing such coverage for a Standard Offer Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than $1,000,000 for each occurrence; provided however, if QF has insurance with limits greater than the minimum limits required herein, the QF shall set any amount higher than the minimum limits required by the Company to satisfy the insurance requirements of this Agreement.

~~c~~3. The policy providing such coverage for a Negotiated Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than $1,000,000 for each occurrence. The Parties may negotiate the amount of insurance over $1,000,000.

~~d~~4. The above required policy shall be endorsed with a provision requiring the insurance company to notify the Company ~~Tampa Electric~~ thirty (30) days prior to the effective date of any cancellation or material change in said policy.

Continued to Sheet No. 8.625

Continued from Sheet No. 8.620

e5. The QF shall pay all premiums and other charges due on said policy and keep said policy in force during the entire period of interconnection with the Company ~~Tampa Electric~~.

10. **Electric Service to QF:** The Company ~~Tampa Electric~~ will provide the class or classes of electric service requested by QF, to the extent that they are consistent with applicable tariffs; provided, however, that interruptible service will not be available under circumstances where interruptions would impair QF's ability to generate and deliver Firm Capacity and Energy to the Company ~~Tampa Electric~~ under the terms of the Company's ~~Tampa Electric's~~ Standard Offer Contract.

11. **Assignment:** The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without the Company's ~~Tampa Electric's~~ prior written consent and such consent shall not be unreasonably withheld.

12. **Disclaimer:** In executing this Agreement, the Company ~~Tampa Electric~~ does not, nor should it be construed to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with QF or any assignee of this Agreement.

13. **Applicable Law:** This Agreement shall be governed by and construed and enforced in accordance with the laws, rules and regulations of the State of Florida and the Company's ~~Tampa Electric's~~ Tariff as may be modified, changed or amended from time to time.

14. **Severability:** If any part of this Agreement, for any reason, be declared invalid, or unenforceable by a court or public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Agreement, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.

Continued to Sheet No. 8.630

Continued from Sheet No. 8.625

15. **Complete Agreement and Amendments:** All previous communications or agreements between parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both parties to this Agreement.

16. **Incorporation of Rate Schedule:** The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's ~~Tampa Electric's~~ published Rate Schedule COG-1 or COG-2 as approved and on file with the FPSC. The Rate Schedule is incorporated herein by reference.

17. **Survival of Agreement:** This Agreement, as it may be amended from time to time, shall be binding and inure to the benefit of the Parties' respective successors-in-interest and legal representatives.

18. **Notification:** For purpose of making emergency or any communications relating to the operation of the Facility, under the provisions of this Agreement, the parties designate the following persons for notification:

For QF:

_____ _____

_____ Phone: _____

For Tampa Electric:

Dispatcher

Palm River Phone: (813) 621-2929

Continued to Sheet No. 8.635

Continued from Sheet No. 8.630

For purposes of making any and all non-emergency oral and written notices, payments or the like required under the provisions of this Agreement, the parties designate the following to be notified or to whom payment shall be sent until such time as either party furnishes the other written instructions changing such designate.

For QF:

For Tampa Electric:
~~Assistant Director, Cogeneration~~
Manager-Industrial/Governmental Marketing & Sales
Tampa Electric Company
702 North Franklin Street (33602)
P.O. Box 111
Tampa, Florida 33601

IN WITNESS WHEREOF, QF and the Company ~~Tampa Electric~~ have executed this Agreement the day and year first above written.

WITNESSES: **Qualifying Facility**

_____ **By:** _____

_____ **Its:** _____

WITNESSES: **Tampa Electric Company**

_____ **By:** _____

_____ **Its:** _____

RESERVED FOR FUTURE USE

TAMPA ELECTRIC COMPANY

SECOND ~~FIRST~~ REVISED SHEET NO. 8.650
CANCELS FIRST REVISED ~~ORIGINAL~~ SHEET NO. 8.650

RESERVED FOR FUTURE USE

ISSUED BY: J. B. Ramil ~~G. F. Anderson,~~
President

DATE EFFECTIVE: ~~March 31, 1992~~

TAMPA ELECTRIC COMPANY

SECOND ~~FIRST~~ REVISED SHEET NO. 8.660
CANCELS FIRST REVISED ~~ORIGINAL~~ SHEET NO. 8.660

RESERVED FOR FUTURE USE

ISSUED BY: J. B. Ramil ~~G. F. Anderson,~~
President

DATE EFFECTIVE: ~~March 31, 1992~~

RESERVED FOR FUTURE USE

~~TAMPA ELECTRIC COMPANY'S~~
GENERAL STANDARDS FOR SAFETY
AND INTERCONNECTION OF COGENERATION AND
SMALL POWER PRODUCTION FACILITIES TO
THE ELECTRIC UTILITY SYSTEM

The following section is based on Florida Public Service Commission (FPSC) Rule 25-17.87, Florida Administrative Code, (F.A.C.), Interconnection and Standards and is applicable throughout Tampa Electric Company's (the Company's) service area:
~~25-17.87 Interconnection and Standards~~

1. The Company ~~Each utility~~ shall interconnect with any qualifying facility (qf) which:

   a. is in its service area;

   b. requests interconnection;

   c. agrees to meet system standards specified in this Rule;

   d. agrees to pay the cost of interconnection; and

   e. signs an interconnection agreement.

2. Nothing in this rule shall be construed to preclude the Company ~~a utility~~ from evaluating each request for interconnection on its own merits and modifying the general standards specified in this Rule to reflect the result of such an evaluation.

3. Where the Company ~~a utility~~ refuses to interconnect with a qf ~~qualify facility~~ or attempts to impose unreasonable standards pursuant to subsection (2) of this rule, the qf ~~qualifying facility~~ may petition the FPSC for relief. The Company ~~utility~~ shall have the burden of demonstrating to the FPSC why interconnection with the qfs ~~qualifying facility~~ should not be required or that the standards the Company ~~utility~~ seeks to impose on the qfs ~~qualifying facility~~ pursuant to subsection (2) are reasonable.

4. Upon a showing of credit worthiness, the qfs ~~qualifying facility~~ shall have the option of making monthly installment payments over a period no longer than 36 months toward the full cost of interconnection. However, where the qfs ~~qualifying facility~~ exercises that option, the Company ~~utility~~ shall charge interest on the amount owing. The Company ~~utility~~ shall charge such interest at the 30 day highest grade commercial paper rate. In any event, no the Company ~~utility~~ may not bear the cost of interconnection.

Continued to Sheet No. 8.705

Continued from Sheet No. 8.700

5. Application for Interconnection: A ~~qf qualifying facility~~ shall not operate electric generating equipment in parallel with the Company's ~~utility's~~ electric system without the prior written consent of the Company ~~utility~~. Formal application for interconnection shall be made by the ~~qf qualifying facility~~ prior to the installation of any generation related equipment. This application shall be accompanied by the following:

a. Physical layout drawings, including dimensions;

b. All associated equipment specifications and characteristics including technical parameters, ratings, basic impulse levels, electrical main one-line diagrams, schematic diagrams, system protections, frequency, voltage, current and interconnection distance;

c. Functional and logic diagrams, control and meter diagrams, conductor sizes and length, and any other relevant data which might be necessary to understand the proposed system and to be able to make a coordinated system;

d. Power characteristics in watts and vars;

e. Expected radio-noise, harmonic generation and telephone interference factor;

f. Synchronizing methods; and

g. Operating/instruction manuals.

Any subsequent change in the system must also be submitted for review and written approval prior to actual modification. The above mentioned review, recommendations and approval by the Company ~~utility~~ do not relieve the ~~qf qualifying facility~~ from complete responsibility for the adequate engineering design, construction and operation of the ~~qf qualifying facility~~ equipment and for any liability for injuries to property or persons associated with any failure to perform in a proper and safe manner for any reason.

Continued to Sheet No. 8.710

Continued from Sheet No. 8.705

6. **Personnel Safety:** Adequate protection and safe operational procedures must be developed and followed by the joint system. These operating procedures must be approved by both the Company ~~utility~~ and the qf ~~qualifying facility~~. The qf ~~qualifying facility~~ shall be required to furnish, install, operate and maintain in good order and repair, and be solely responsible for, without cost to the Company ~~utility~~, all facilities required for the safe operation of the generation system in parallel with the Company's ~~utility's~~ system.

The qf ~~qualifying facility~~ shall permit the Company's ~~utility~~ employees to enter upon its property at any reasonable time for the purpose of inspection and/or testing the qf's ~~qualifying facility's~~ equipment, facilities, or apparatus. Such inspections shall not relieve the qf ~~qualifying facility~~ from its obligation to maintain its equipment in safe and satisfactory operating condition.

The Company's ~~utility's~~ approval of isolating devices used by the qf ~~qualifying facility~~ will be required to ensure that these will comply with the Company's ~~utility's~~ switching and tagging procedure for safe working clearances.

a. **Disconnect switch:** A manual disconnect switch, of the visible load break type, to provide a separation point between the qf's ~~qualifying facility's~~ generation system and the Company's ~~utility's~~ system, shall be required. The Company ~~utility~~ will specify the location of the disconnect switch. The switch shall be mounted separate from the meter socket and shall be readily accessible to the Company ~~utility~~ and be capable of being locked in the open position with a Company ~~utility~~ padlock. The Company ~~utility~~ may reserve the right to open the switch (i.e., isolating the qf's ~~qualifying facility's~~ generation system) without prior notice to the qf ~~qualifying facility~~. To the extent practicable, however, prior notice shall be given.

Continued to Sheet No. 8.715

Continued from Sheet No. 8.710

Any of the following conditions shall be cause for disconnection:

i. The Company's ~~Utility~~ system emergencies and/or maintenance requirements; Hazardous conditions existing on the qf's generating or protective equipment as determined by the Company;

ii. Adverse effects of the qf's ~~qualifying facility's~~ generation to the Company's ~~utility's~~ other electric consumers and/or system as determined by the Company ~~utility~~;

iii. Failure of the qf ~~qualifying facility~~ to maintain any required insurance; or

iv. Failure of the qf ~~qualifying facility~~ to comply with any existing or future regulations, rules, orders or decisions of any governmental or regulatory authority having jurisdiction over the qf's ~~qualifying facility's~~ electric generating equipment or the operation of such equipment.

b. **Responsibility and Liability:** The Company ~~Tampa Electric~~ and the qf shall each be responsible for its own facilities. The Company ~~Tampa Electric~~ and the qf shall each be responsible for ensuring adequate safeguards for other Company ~~Tampa Electric~~ customers, the Company ~~Tampa Electric~~ and qf personnel and equipment, and for the protection of its own generating system. The Company ~~Tampa Electric~~ and the qf shall each indemnify and save the other harmless from any and all claims, demands, costs, or expense for loss, damage, or injury to persons or property of the other caused by, arising out of, or resulting from:

i. Any act or omission by a party, or that party's contractors, agents, servants and employees in connection with the installation or operation of that party's generation system or the operation thereof in connection with the other party's system;

ii. Any defect in, failure of, or fault related to a party's generation system;

iii. The negligence of a party or negligence of that party's contractors, agents, servants or employees; or

Continued to Sheet No. 8.720

Continued from Sheet No. 8.715

iv. Any other event or act that is the result of, or proximately caused by a party.

For the purpose of this paragraph, the term party shall mean either the Company or qf, as the case may be.

c. Insurance: The qf shall deliver to the Company ~~Tampa Electric~~, at least fifteen (15) days prior to the start of any interconnection work, a certificate of insurance certifying the qf's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida naming the qf as named insured, and the Company ~~Tampa Electric~~ as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering the liabilities accepted under this agreement arising out of the interconnection to the qf, or caused by operation of any of the qf's equipment or by the qf's failure to maintain its equipment in satisfactory and safe operating condition.

i. In subsequent years, a certificate of insurance renewal must be provided annually to the Company ~~Tampa Electric~~ indicating the qf's continued coverage as described herein. Renewal certification shall be sent to:

Tampa Electric Company
Risk Management Department
P. O. Box 111
Tampa, FL 33601

ii. The policy providing such coverage for a Standard Offer Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than $1,000,000 for each occurrence; provided however, if qf has insurance with limits greater than the minimum limits required herein, the qf shall set any amount higher than the minimum limits required by the Company ~~Tampa Electric~~ to satisfy the insurance requirements of this Agreement.

Continued to Sheet No. 8.725

Continued from Sheet No. 8.720

iii. The policy providing such coverage for a Negotiated Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than $1,000,000 for each occurrence. The Parties may negotiate the amount of insurance over $1,000,000.

iv. The above required policy shall be endorsed with a provision requiring the insurance company will notify the Company ~~Tampa Electric~~ thirty (30) days prior to the effective date of cancellation or material change in said policy.

v. The qf shall pay all premiums and other charges due on said policy and keep said policy in force during the entire period of interconnection with the Company ~~Tampa Electric~~.

7. Protection and Operation: It will be the responsibility of the qf ~~qualifying facility~~ to provide all devices necessary to protect the qf's ~~qualifying facility's~~ equipment from damage by the abnormal conditions and operations which occur on the Company ~~utility~~ system that result from interruptions and restorations of service by the Company's ~~utility's~~ equipment and personnel. The qf ~~qualifying facility~~ shall protect its generator and associated equipment from overvoltage, undervoltage, overload, short circuits (including ground fault condition), open circuits, phase unbalance and reversal, over or under frequency condition, and other injurious electrical conditions that may arise on the Company's ~~utility's~~ system and any reclose attempt by the Company ~~utility~~.

The Company ~~utility~~ may reserve the right to perform such tests as it deems necessary to ensure safe and efficient protection and operation of the qf's ~~qualifying facility's~~ equipment.

Continued to Sheet No. 8.730

Continued from Sheet No. 8.725

a. Loss of source: The qf ~~qualifying facility~~ shall provide, or the Company ~~utility~~ will provide at the qf's ~~qualifying facility's~~ expense, approved protective equipment necessary to immediately, completely, and automatically disconnect the qf's ~~qualifying facility's~~ generation from the Company's ~~utility's~~ system in the event of a fault on the qf's ~~qualifying facility's~~ system, a fault on the Company's ~~utility's~~ system, or loss of source on the Company's ~~utility's~~ system. Disconnection must be completed within the time specified by the Company ~~utility~~ in its standard operating procedure for its electric system for loss of a source on the Company's ~~utility's~~ system.

This automatic disconnecting device may be of the manual or automatic reclose type and shall not be capable of reclosing until after service is restored by the Company ~~utility~~. The type and size of the device shall be approved by the Company ~~utility~~ depending upon the installation. Adequate test data or technical proof that the device meets the above criteria must be supplied by the qf ~~qualifying facility~~ to the Company ~~utility~~. The Company ~~utility~~ shall approve a device that will perform the above functions at minimal capital and operating costs to the qf ~~qualifying facility~~.

b. Coordination and Synchronization: The qf ~~qualifying facility~~ shall be responsible for coordination and synchronization of the qf's ~~qualifying facility's~~ equipment with the Company's ~~utility's~~ electrical system, and assumes all responsibility for damage that may occur from improper coordination or synchronization of the generator with the Company's ~~utility's~~ system.

c. Electrical characteristics: Single phase generator interconnections with the Company ~~utility~~ are permitted at power levels up to 20 KW. For power levels exceeding 20 KW, a three phase balanced interconnection will normally be required. For the purpose of calculating connected generation, 1 horsepower equals 1 kilowatt. The qf ~~qualifying facility~~ shall interconnect with the Company ~~utility~~ at the voltage of the available distribution or transmission line of the Company ~~utility~~ for the locality of the interconnection, and shall utilize one of the standard connections (single phase, three phase, wye, delta) as approved by the Company ~~utility~~.

Continued to Sheet No. 8.735

Continued from Sheet No. 8.730

The Company ~~utility~~ may reserve the right to require a separate transformation and/or service for a qf's ~~qualifying facility's~~ generation system, at the qf's ~~qualifying facility's~~ expense. The qf ~~qualifying facility~~ shall bond all neutrals of the qf's ~~qualifying facility's~~ system to the Company's ~~utility's~~ neutral, and shall install a separate driven ground with a resistance value which shall be determined by the Company ~~utility~~ and bond this ground to the qf's ~~qualifying facility's~~ system neutral.

d. Exceptions A qf's ~~qualifying facility's~~ generator having a capacity rating that can:

i. Produce power in excess of one half of the minimum Company ~~utility~~ customer requirements of the interconnected distribution or transmission circuit; or

ii. produce power flows approaching or exceeding the thermal capacity of the connected Company ~~utility~~ distribution or transmission lines or transformers; or

iii. adversely affect the operation of the Company ~~utility~~ or other Company ~~utility~~ customer's voltage, frequency or overcurrent control and protection devices; or

iv. adversely affect the quality of service to other Company ~~utility~~ customers; or

v. interconnect at voltage levels greater than distribution voltages, will require more complex interconnection facilities as deemed necessary by the Company ~~utility~~.

8. Quality of Service: The qf's ~~qualifying facility's~~ generated electricity shall meet the following minimum guidelines:

a. Frequency: The governor control on the prime mover shall be capable of maintaining the generator output frequency within limits for loads from no-load up to rated output. The limits for frequency shall be 60 hertz (cycles per second), plus or minus an instantaneous variation of less than 1%.

b. Voltage: The regulator control shall be capable of maintaining the generator output voltage within limits for loads from no-load up to rated output. The limits for voltage shall be the nominal operating voltage level, plus or minus 5%.

Continued to Sheet No. 8.740

Continued from Sheet No. 8.735

c. Harmonics: The output sine wave distortion shall be deemed acceptable when it does not have a higher content (root mean square) of harmonics than the Company's ~~utility's~~ normal harmonic content at the interconnection point.

d. Power Factor: The qf's ~~qualifying facility's~~ generation system shall be designed, operated and controlled to provide reactive power requirements from 0.95 lagging to 0.95 leading power factor at the point of interconnection with Company ~~utility~~. Induction generators shall have static capacitors that provide at least 95% of the magnetizing current requirements of the induction generator field. (Capacitors shall not be so large as to permit self-excitation of the qf's ~~qualifying facility's~~ generator field).

e. DC Generators: Direct current generators may be operated in parallel with the Company's ~~utility's~~ system through a synchronous invertor. The invertor must meet all criteria in these rules.

9. Metering: The actual metering equipment required, its voltage rating, number of phases, size, current transformers, potential transformers, number of inputs and associated memory is dependent on the type, size and location of the electric service provided. In situations where power may flow both in and out of the qf's ~~qualifying facility's~~ system, power flowing into the qf's ~~qualifying facility's~~ system will be measured separately from power flowing out of the qf's ~~qualifying facility's~~ system.

The Company ~~utility~~ will provide, at no additional cost to the qf ~~qualifying facility~~, the metering equipment necessary to measure capacity and energy deliveries to the qf ~~qualifying facility~~. The Company ~~utility~~ will provide, at the qf's ~~qualifying facility's~~ expense, the necessary additional metering equipment to measure capacity and energy deliveries by the qf ~~qualifying facility~~ to the Company ~~utility~~.

10. Cost Responsibility: The qf ~~qualifying facility~~ is required to bear all costs associated with the change-out, upgrading or addition of protective devices, transformers,

Continued to Sheet No. 8.745

Continued from Sheet No. 8.740

lines, services, meters, switches, and associated equipment and devices beyond that which would be required to provide normal service to the qf ~~qualifying facility~~ if the qf were a non-generating customer. These costs shall be paid by the qf ~~qualifying facility~~ to the Company ~~utility~~ for all material and labor that is required. Prior to any work being done by the Company ~~utility~~, the Company ~~utility~~ shall supply the qf ~~qualifying facility~~ with a written cost estimate of all its required materials and labor and an estimate of the date by which construction of the interconnection will be completed. This estimate shall be provided to the qf within 60 days after the qf provides the Company ~~utility~~ with its final electrical plans. The Company ~~utility~~ shall also provide project timing and feasibility information to the qf ~~qualifying facility~~.

11. The Company ~~utility~~ shall submit, to the FPSC, a standard agreement for the interconnection by qfs as part of their Standard Offer contract or contracts required by FPSC Rule 25-17.0832(3), F.A.C.

Continued from Sheet No. 8.435

EXHIBIT #2

SUPPLEMENTAL FUEL COST WORKSHEET

Revised December 1988

UNITS DELIVERED	SUPPLIER	SUPPLEMENTAL COAL COST $/TON	INCREMENTAL TRANS. COST $/TON	TOTAL $/TON	AUGUST AVERAGE BTU/LB	AUGUST AVERAGE C/MMBTU	AUGUST TONS	SUPPLEMENTAL FUEL COST
Gannon 1-4	A			$45.30				177.50
Gannon 5&6	B			$45.48				176.44
Big Bend 1&2	C			$29.22				123.13
	D			$31.67				
	E			$32.08				
			Average	$29.87				
Big Bend 3[1]	F			$50.55				173.67
			Blended Average	$42.28				
Big Bend 4	G			$41.70				181.31
	H			$37.21				
			Average	$41.11				
#2 Oil	I			$19.41/BBL				334.64

[1] Revised: Big Bend Unit #3 is burning a 60/40 blend of blend/standard coal.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.445

Continued from Sheet No. 8.440

EXHIBIT #3

Example #1 No off-system purchases, the Company's generation is capable of carrying its native load and firm sales.

Given:

Actual qf Energy = 50 MWs
The Company's Maximum Available Generation = 1560 MWs
Native Load = 1550 MWs
Firm Sales = 10 MWs

First Calculation (WITHOUT qf):

Production Cost at 1560 MWs = $20,275/hour

Second Calculation (WITH qf):

Production Cost at 1510 MWs = $19,500/hour

Third Calculation (qf Rate $/MWH):

Actual Hourly Avoided Energy Cost =
($20,275/hour - $19,500/hour) / (50MW)

or

As-Available Energy Payment Rate (AEPR) = $15.50/MWH

Continued to Sheet No. 8.450

Continued from Sheet No. 8.445

EXHIBIT #4

Example #2a Off-system purchases are not being made. The Company's generation can carry its native load and firm sales only with the qf contribution.

Given:

Actual qf Energy = 50 MWs
The Company's Maximum Available Generation = 1460 MWs
Native Load = 1500 MWs
Firm Sale = 10 MWs

First Calculation:

Production Cost at 1460 MWs = $18,900/hour

Second Calculation:

Production Cost at 1459 MWs = $18,882.50/hour

Third Calculation (qf Rate $/MWH):

Actual Hourly Avoided Energy Cost at 1 MW (system lambda[1]) =
($18,900/hour - $18,882.50/hour) / (1 MW)

or

As-Available Energy Payment Rate (AEPR) = $17.50/MWH

NOTE:

[1] In this example, system lambda is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.455

Continued from Sheet No. 8.450

EXHIBIT #5

Example #2b Off-system purchases are not being made to serve native load and firm sales. Available generation capacity is not fully dispatched. Without the qf's contribution, the Company's native load and firm sales can be carried only with additional power purchases.

Given:

Actual qf Energy = 50 MWs
The Company's Maximum Available Generation = 1530 MWs
The Company's Actual Generation = 1500 MWs
Native Load = 1540 MWs
Firm Sale = 10 MWs

Step 1 (Calculations for First 30 MWs)

First Calculation (Without qf):

Production Cost at 1530 MWs = $20,590/hour

Second Calculation (With qf):

Production Cost at 1500 MWs = $20,050/hour

Third Calculation:

Actual Hourly Avoided Energy Cost at 30 MWs =
($20,590/hour) - ($20,050/hour) = $540/hour

Step 2 (Calculations for Remaining 20 MWs)

First Calculation:

Production Cost at 1530 MWs = $20,590/hour

Second Calculation:

Production Cost at 1529 MWs = $20,571.50/hour

Third Calculation:

Actual Hourly Avoided Energy Cost at 1 MW (system lambda[1]) for 20 MWs =
($20,590/hour - $20,571.50/hour) X (20 MWs) = $370/hour

Step 3 (Calculation of Composite Rate for Total 50 MW Block)

Composite Actual Hourly Avoided Energy Cost of 50 MW Block =
($540 + $370) / 50 MW

or

As-Available Energy Payment Rate (AEPR) = $18.20/MWH

NOTE:

[1] In this example, system lambda is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

Continued to Sheet No. 8.460

Continued from Sheet No. 8.455

EXHIBIT #6

Example #3 Off-system purchases are being made, the Company's native load and firm sales can be carried only with additional purchase power

Given:

Actual qf Energy = 50 MWs
The Company's Maximum Available Generation = 1500 MWs
The Company's Actual Generation = 1500 MWs
Native Load = 1540 MWs
Firm Sales = 20 MWs
Off-System Purchase[1] = 10 MWs Costing $400/hour

Actual Incremental Hourly Avoided Energy Cost = $400 / 10 MW

or

As-Available Energy Payment Rate (AEPR) = $40/hour

NOTE:

[1] Off-System Purchase shall be the highest cost purchased energy block bought during the hour for native load.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.465

Continued from Sheet No. 8.460

EXHIBIT #7

The calculation of the variable O&M cost adjustment factor associated with as available energy is made once each year, based on the previous year's actual total O&M cost for coal-fired generation, in accordance with the procedure found in the EPRI-TAG Special Report dated May 1982, (EPRI P-2410-SR). The formula assumes the fixed portion of total annual O&M dollars equals the capacity factor (%) times the total annual O&M dollars. The variable portion is (1 - capacity factor) times the total annual O&M dollars. The capacity factor is based on the total period hours less those hours the units are off line due to economic dispatch for low load periods. Continuing the logic further, the adjustment factor to be added to the avoided energy cost equals the variable rate as determined annually and applied in the form of an hourly adjustment to the actual incremental hourly avoided energy cost.

Example Given:	1983 TEC Coal Generation	MW	
1) Big Bend	1	367	
	2	362	
	3	375	
	3	10	upgrade
Gannon	5	218	
	6	351	
	4	169	conversion

MW available per unit from net generation listed in the System Data Book for the same time period:

2) Coal Generation 1983 = 10,493,266 MWH

3) O&M for coal 1983 = $35,320,252

Continued to Sheet No. 8.470

Continued from Sheet No. 8.465

EXHIBIT #7 - continued

ESTIMATED
1983 VARIABLE O&M RATE CALCULATION

		(MW)		(Hours)	(MWH)
Big Bend	1	367	@	8760	3,214,920
	2	362	@	8760	3,171,120
	3	375	@	8760	3,285,000
Upgrade	3	10	@	2208	22,080
Gannon	5	218	@	8760	1,909,680
	6	351	@	8760	3,074,760
Conversion to Coal	4	169	@	2208	373,152
TOTAL					15,050,712
Generation (1983 Actual for Coal)					10,493,266

Average Coal Capacity Factor	=	$\frac{10,493,266}{15,050,712}$	X 100%
	=		69.72%
Total O&M for Coal	=	$35,320,252	
Variable Component	=	$35,320,252	X (1 - .6972)
	=	$10,694,972	
Estimated Variable O&M Cost[1]	=	$\frac{10,694,772}{10,493,266}$	= $1.02/MWH

1 Was added to 1984's actual incremental hourly avoided energy cost, after approval by the FPSC.

~~RESERVED FOR FUTURE USE~~

STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A SMALL QUALIFYING FACILITY OR A MUNICIPAL SOLID WASTE FACILITY

This agreement is made and entered into this _____ day of _____, _____ by and between _____, hereinafter referred to as the "QF" and Tampa Electric Company, a private utility corporation organized under the laws of the State of Florida, hereinafter referred to as the "Company". The QF and the Company shall collectively be referred to herein as the "Parties."

WITNESSETH:

WHEREAS, QF desires to sell, and the Company desires to purchase, Firm Capacity and Energy to be generated by small Qualifying Facilities or by Municipal Solid Waste Facilities (unless specifically referred to, small "Qualifying Facilities" and "Municipal Solid Waste Facilities" will jointly be referred to as "QFs") consistent with Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.091, Florida Administrative Code (F.A.C.); of Order No. 23625 issued October 16, 1990, Docket No. 891049-EU; and the Company's Rate Schedule COG-2; and

WHEREAS, QF has signed an Interconnection Agreement with the utility in whose service territory the QF's generating facility is located, attached hereto as Appendix A; and

WHEREAS, the FPSC has approved the following Standard Offer Contract for the purchase of Firm Capacity and Energy from QFs;

NOW, THEREFORE, for mutual consideration the Parties agree as follows:

1. **Facilities**

a. **Designated Avoided Unit:** The Company has identified a 180 megawatt (MW) (Winter Rating) natural gas fired Combustion Turbine generating unit with an in-service date of January 1, 2001, as its Designated Avoided Unit. The avoided unit will be fully subscribed at 180 MW of committed Firm Capacity and Energy. The Company's Standard Offer Contract is scheduled to expire at the close of the Company's open season period as described in COG-2.

~~RESERVED FOR FUTURE USE~~

Continued to Sheet No. 8.480

Continued from Sheet No. 8.475

b. Qualifying Facility

i. On or before the in-service date of the Designated Avoided Unit, the QF shall be a cogeneration facility or small power production facility that is a Qualifying Facility under Subpart B of Subchapter K, Part 292 of Chapter I, Title 18, Code of Federal Regulations (C.F.R.), promulgated by the Federal Energy Regulatory Commission (FERC), as the same may be amended from time to time. Such a facility must be "new capacity" pursuant to the Public Utilities Regulatory Policies Act of 1978 (PURPA), construction of which began on or after November 9, 1978. On or before the in-service date of the Designated Avoided Unit and at all times throughout the remaining term of this Agreement, such QF shall maintain its status as a QF as defined herein and as certified by the FERC. By the end of the first quarter of each calendar year, the QF shall furnish the Company a notarized certificate by an officer of the QF certifying that the Facility has continuously maintained qualifying status on a calendar year basis since the commencement of the term of this Agreement.

ii. QF contemplates installing and operating a _____ MVA generator located at _____ which shall be and remain the specific site of the QF throughout the term of this Agreement. The generator is designed to produce a maximum of _____ megawatts (MW) of electric power designed, operated and controlled to provide reactive power requirements from 0.95 lagging to 0.95 leading power factor at the point of interconnection with the Company, such equipment being hereinafter referred to as the "Facility".

c. Evaluation Procedure: Each eligible Standard Offer Contract received by the Company will be evaluated as to its technical reliability, viability and financial stability, as well as other relevant information, in accordance with FPSC Rule 25-17.0832, F.A.C., and the Company's Procedure for Processing Standard Offer Contracts as defined in Rate Schedule COG-2 (COG-2). The criteria and procedure used to evaluate Standard Offer Contracts are attached to the Standard Offer Contract as Appendix A.

2. Term of the Agreement: This Agreement shall begin immediately upon its execution by the parties and shall end at 12:01 a.m., _____, _____.

Continued to Sheet No. 8.485

RESERVED FOR FUTURE USE

Continued from Sheet No. 8.485

The parties agree that QF's obligation to generate and sell electricity from the Facility is subject to both scheduled and unscheduled outages of the Facility. Neither party shall be required to compensate the other party for electrical energy which from time to time may not be generated and sold by QF or received and purchased by the Company as a result of such scheduled and unscheduled outages. The parties agree to use best efforts to minimize the duration of any scheduled or unscheduled outages which from time to time may interrupt the purchase and sale of electricity under this Agreement.

4. Payment for Electricity Produced by QF:

a. Energy: The Company agrees to pay the QF for energy produced by the Facility and delivered to the Company in accordance with the rates and procedures contained in Rate Schedule COG-2 attached hereto as Appendix B. Prior to January 1, 2001, QF will receive energy payments based on the Company's actual avoided energy costs. Starting January 1, 2001, to the extent that the Designated Avoided Unit would have been operated had it been installed by the Company, the QF's energy payments will be based on the Company's Designated Avoided Unit's energy costs, otherwise QF's energy payment will be based on the Company's actual avoided energy costs as defined in COG-2, Appendix D, such determination to be made hourly.

b. Capacity:

i. Anticipated Contracted Capacity: QF intends to sell _____ MW of Firm Capacity and achieve commercial in-service status, beginning on or before January 1, 2001, the in-service date of the Designated Avoided Unit.

After initial Facility testing and on one occasion only, QF may finalize, increase or decrease its Anticipated Contracted Capacity by no more than 10% of the Anticipated Contracted Capacity and specify when capacity payments are to begin, by completing Paragraph 4.b.ii at a later time. However, QF must complete Paragraph 4.b.ii. by January 1, 200 i in order to be entitled to any capacity payments pursuant to this Agreement.

Continued to Sheet No. 8.495

Continued from Sheet No. 8.490

ii. **Actual Contracted Capacity:** The Firm Capacity committed by QF for purposes of this Agreement is _____ MW. To the extent that the Company pays for but declines to take all of the Actual Contracted Capacity (Non-dispatched Capacity) in any given hour, such Non-dispatched Capacity and Associated Energy shall not be sold by the QF or otherwise used in any way or disposed of without the Company's prior written consent. QF elects to receive, and the Company agrees to commence calculating, capacity payments in accordance with this Agreement starting with the first Monthly Period following _____, _____.

iii. **Firm Capacity Payment Options:** The following options are available to the QF for payment for Firm Capacity delivered by the QF:

1) Value of Deferral Capacity Payments;
2) Early Capacity Payments;
3) Levelized Capacity Payments;
4) Early Levelized Capacity Payments.

QF chooses to receive firm capacity payments from the Company under Option: _____. Each of these options is further defined in and subject to the provisions of the Company's Rate Schedule COG-2, Appendix A.

At the end of each Monthly Period, beginning with the Monthly Period specified in Paragraph 4.b.ii, the Company will calculate QF's Monthly Availability and Capacity Factor. During the term of this Agreement, if the QF's Monthly Availability and Capacity Factor equals or exceeds the Minimum Performance Standards (MPS), attached hereto as Appendix C in Rate Schedule COG-2, then the Company agrees to pay QF a Monthly Capacity Payment as calculated in the Section entitles Basis for Monthly Capacity Payment Calculation, Paragraph 5 of COG-2, Appendix C.

The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to QF as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

Continued to Sheet No. 8.500

Continued from Sheet No. 8.495

iv. Security Guarantees: The Company requires certain security deposits to ensure the completion of construction and performance under this Agreement in order to protect its ratepayers in the event the QF fails to deliver Firm Capacity and Energy in the amount and times specified in this Agreement, which shall be in form and substance as described herein. Such security may be refunded in the manner described in Paragraphs 4.b.iv.(1) and 4.b.iv.(2). Pursuant to FPSC Rule 25-17.091, F.A.C., a utility may not require security guarantees from a municipal solid waste facility as required in FPSC Rule 25-17.0832(2)(d) and (3)(f)(1), F.A.C. However, at its option, a municipal solid waste facility may provide such risk-related guarantees.

(1) Completion Security: The QF shall pay to the Company a security deposit equal to $10.00 per kilowatt ($10.00/kW) of Anticipated Contracted Capacity as described herein as security for QF's completion of the Facility by the in-service date of the Designated Avoided Unit. Such security will be required within 60 days of contract execution. Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the QF; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event that the QF fails to complete the construction and achieve commercial in-service status by the in-service date of the Designated Avoided Unit.

If the QF achieves commercial in-service status by the in-service date of the Designated Avoided Unit then the entire deposit and any interest therein, if applicable, shall be refunded to the QF upon payment by the QF of the Performance Security as required in Paragraph 4.b.iv.(2).

Continued to Sheet No. 8.505

Continued from Sheet No. 8.500

If the QF's Commercial In-Service Date is delayed beyond the in-service date of the Designated Avoided Unit, the Company may, upon the request of the QF, extend such date for a period not to exceed five (5) months, in which case the Company shall be entitled to retain or draw down on an amount equal to 20% of the original deposit amount for each month (or portion thereof) that the completion of the project is delayed. If the QF's Commercial In-Service Date is delayed and an extension has not been granted or such date is delayed beyond the extended completion date, then the Company shall retain all of the deposit and terminate this Agreement.

(2) Performance Security: Within sixty (60) days after the later of the QF's Commercial In-Service Date or the in-service date of the Designated Avoided Unit, the QF shall pay the Company a deposit in the amount of $10.00/kW of Actual Contracted Capacity as security for QF's performance under this Agreement. Such security deposit shall be provided in the same manner as the completion security deposit as described in Paragraph 4.b.iv.(1). Such performance security shall be retained by the Company for twelve (12) months from the later of the QF's Commercial In-Service Date or the in-service date of the Designated Avoided Unit.

If, at the end of the twelve month period so described, the QF's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor meet the Minimum Performance Standards (MPS) as set forth in Rate Schedule COG-2, then QF shall be entitled to a refund of such deposit. However, if at the end of the first twelve month period, the QF's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor fail to meet the MPS, then the Company shall be entitled to retain or draw down 50% of such deposit and retain the remainder of the security for an additional twelve month period.

Continued to Sheet No. 8.510

Continued from Sheet No. 8.505

If, at the end of the twenty fourth month, the QF's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor again fail to achieve the MPS, for the most recent 12-month period, then the Company shall be entitled to retain the remainder of the security and to terminate the contract. However, if at the end of the twenty fourth month, the QF's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor meet the MPS, for the most recent 12-month period, then the QF shall be entitled to a refund of the remaining deposit.

For the purpose of this calculation, the 12-month average of a parameter shall be defined to equal the sum of each month's average numerical value for that parameter, for the most recent 12-month period, divided by twelve (12).

(3) Liquidated Damages: The parties hereto agree that the Company would be substantially damaged in amounts that would be difficult or impossible to ascertain in the event that QF fails to complete the Facility by the in-service date of the Designated Avoided Unit or to provide a Facility which meets the MPS. In the event that the Company terminates this Agreement for the QF's failure to achieve commercial in-service status by the in-service date of the Designated Avoided Unit or achieve the MPS once in service, the Company may retain all of the completion or performance security as liquidated damages, not as penalty, in lieu of actual damages and the QF hereby waives any defenses as to the validity of any such liquidated damages. In the event the QF defaults, it forfeits the aforesaid Completion or Performance Security. In addition thereto, the Company shall be entitled to pursue such equitable remedies against the QF as may be available.

5. Electricity Production Schedule: During the term of this Agreement, the QF agrees to the following:

Continued to Sheet No. 8.515

Continued from Sheet No. 8.510

a. QF shall provide the Company in writing prior to April 1 of each calendar year an estimate of the amount of electricity to be generated by the QF and delivered to the Company for each month of the following calendar year, including the time, duration and magnitude of any planned outages or reductions in capacity;

b. By July 1 of each calendar year, the Company shall notify the QF in writing whether the requested scheduled maintenance period(s) are acceptable. If the Company cannot accept any of the requested period(s), the Company shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. QF shall only schedule outages during periods approved by the Company and such approval shall not be unreasonably withheld. Once the schedule has been established and approved, either party requesting a subsequent change in such schedule, except when such event is due to Force Majeure, must obtain approval for such change from the other party. Such approval shall not be unreasonably withheld or delayed.

c. During the term of this Agreement, the QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with the Company. The QF shall ensure that operating personnel are on duty at all times, twenty-four hours a calendar day and seven calendar days a week. Additionally, during the term of this Agreement, the QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder.

d. The Company shall not be obligated to purchase and may require curtailed or reduced deliveries of energy, to the extent necessary to maintain the reliability and integrity of any part of the Company's system, or if the Company determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to the Company's Customers. The Company shall give QF prior notice, if practicable, of its intent to refuse, curtail or reduce the Company's acceptance of energy pursuant to this Section and will act to minimize the frequency and duration of such occurrences.

Continued to Sheet No. 8.520

Continued from Sheet No. 8.515

e. The Company shall not be required to accept or purchase energy during any period in which, due to operational circumstances, acceptance or purchase of such energy would result in the Company's incurring costs greater than those which it would incur by generating an equal additional amount of energy with its own resources. The Company shall give the QF as much prior notice as practicable of its intent not to accept energy pursuant to this Section.

f. QF shall promptly update the yearly generation schedule and maintenance schedule as and when any changes may be determined necessary;

g. QF shall comply with reasonable requirements of the Company regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement.

6. QF's Obligation if QF Receives Early, Levelized, or Early Levelized Capacity Payments: The parties recognize that Rule 25-17.0832, F. A. C., may require the repayment by the QF of all one portion of any payments made to it pursuant to Option 2, 3, or 4 of Section 4.2.3 if the QF fails to perform pursuant to the terms and conditions of this Agreement. To ensure that the QF will satisfy its obligation to make any such repayments, the following provisions will apply:

The Company shall establish a Repayment Account to accrue the sum of the capacity payments that may have to be repaid by the QF to the Company. Amounts shall be added to the Repayment Account each month through December 2000, in the amount of the Company's payments to the QF for capacity delivered prior to January 1, 2001.

Beginning on January 1, 2001, the difference between the capacity payment made to the QF and the "normal" capacity payment calculated pursuant to Option 1 in COG-2 will also be added each month to the Repayment Account, so long as the payment made to the QF is greater than the monthly payment the QF would have received if it had selected Option 1 in Paragraph 4.b.iii. The annual balance in the Repayment Account shall accrue interest at an annual rate of 9.37%.

Continued to Sheet No. 8.525

Continued from Sheet No. 8.520

Also beginning on January 1, 2001, at such time that the monthly capacity payment made to the QF, pursuant to the Capacity Payment Option selected, is less than the "normal" monthly capacity payment in Option 1 in COG-2, there shall be debited from the Repayment Account an Early Payment Offset Amount to reduce the balance in the Repayment Account. Such Early Payment Offset Amount shall be equal to the amount which the Company would have paid for capacity in that month if capacity payments had been calculated pursuant to Option 1 in COG-2 and the QF had elected to begin receiving capacity payments on January 1, 2001, minus the monthly capacity payment the Company makes to the QF (assuming the MPS are met or exceeded), pursuant to the Capacity Payment Option chosen by the QF in Paragraph 4.b.iii.

QF shall owe the Company and be liable for the current balance in the Repayment Account. The Company agrees to notify the QF monthly as to the current Repayment Account balance.

In the event of default by the QF, the total Repayment Account balance shall become due and payable within twenty (20) business days of receipt of written notice, as reimbursement for the early capacity payments made to the QF by the Company. The QF's obligation to reimburse the Company in the amount of the balance in the Repayment Account shall survive the termination of the QF's Standard Offer Contract with the Company. Such reimbursement shall not be construed to constitute liquidated damages and shall in no way limit the right of the Company to pursue all its remedies at law or in equity against the QF.

Prior to receipt of Early Levelized or Early-Levelized Capacity Payments, the QF shall secure its obligation to repay any balance in the Repayment Account in the event QF defaults pursuant to this Agreement. Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the QF; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event of default by the QF. Florida Statute 377.709(4) requires the local government to refund early capacity payments should a Municipal Solid Waste Facility owned, operated by or on the behalf of a local government be abandoned, closed down or rendered illegal. Therefore a utility may not require risk-related guarantees from a Municipal Solid Waste Facility as required in FPSC Rule 25-17.0832(2)(c) and (3)(e)(8), F.A.C. However, at its option, a Municipal Solid Waste Facility may provide such risk-related guarantees.

Continued to Sheet No. 8.530

Continued from Sheet No. 8.525

7. **Nonperformance Provisions:** QF shall not receive a capacity payment during any month in which the QF fails to meet the MPS for Monthly Availability and Monthly Capacity Factor of the Company's Designated Avoided Unit as defined in Appendix C in COG-2. In addition, if for any month starting January 1, 2001, the QF fails to achieve the MPS and the monthly capacity payment that would have been made to the QF pursuant to the capacity payment option selected is less than the "normal" monthly capacity payment had the QF selected Option 1, then the QF shall be liable for and shall pay the Company an amount equal to the Early Payment Offset Amount for the month; provided, however, that such calculation shall assume that the QF satisfied the MPS. Any payments thus required of QF shall be separately invoiced by the Company to QF after each month for which such payment is due and shall be paid by QF within twenty (20) business days after receipt of such invoice by QF. Such payment shall be debited from the Capacity Account as an Early Payment Offset Amount provided that any such payment will not exceed the current balance in the Capacity Account.

8. **Default**

a. **Mandatory Default:** QF shall be in default under this Agreement if:

i. QF voluntarily declares bankruptcy; or

ii. QF fails to achieve, on both accounts, a minimum Monthly Availability Factor of 25% and fails to achieve a minimum Monthly Capacity Factor of 25%, during the same month, for 12 consecutive months starting January 1, 2001; or

iii. QF fails to maintain its status as a QF as required herein; or

iv. QF fails to perform in accordance with Section 4.b.iv.(2).

b. **Optional Default:** The Company may declare the QF to be in default:

i. if at any time prior to January 1, 2001, and after Monthly Capacity Payments have begun, the Company has sufficient reason to believe that the QF is unable to deliver its Actual Contracted Capacity; or

Continued to Sheet No. 8.535

TAMPA ELECTRIC COMPANY

SECOND ~~FIRST~~ REVISED SHEET NO. 8.531
CANCELS FIRST REVISED ~~ORIGINAL~~ SHEET NO. 8.531

RESERVED FOR FUTURE USE

ISSUED BY: J. B. Ramil ~~G. F. Anderson~~,
President

DATE EFFECTIVE: ~~May 6, 1993~~

TAMPA ELECTRIC COMPANY

SECOND ~~FIRST~~ REVISED SHEET NO. 8.532
CANCELS FIRST REVISED ~~ORIGINAL~~ SHEET NO. 8.532

RESERVED FOR FUTURE USE

ISSUED BY: J. B. Ramil ~~G. F. Anderson,~~
President

DATE EFFECTIVE: ~~May 6, 1993~~

Continued from Sheet No. 8.530

ii. after Monthly Capacity Payments have begun, the QF fails each month, for 24 consecutive months, to meet the MPS; or

iv. QF refuses, is unable or anticipatorily breaches its obligation to deliver its Actual Contracted Capacity after January 1, 2001.

c. **Default Remedy:** In the event of default by the QF, the total Repayment Account balance shall become due and payable within twenty (20) business days of receipt of written notice, as reimbursement for the early capacity payments made to the QF by the Company. The QF's obligation to reimburse the Company in the amount of the balance in the Repayment Account shall survive the termination of the QF's Standard Offer Contract with the Company. Such reimbursement shall not be construed to constitute liquidated damages and shall in no way limit the right of the Company to pursue all its remedies at law or in equity against the QF.

9. **General Provisions:**

a. **Permits:** QF hereby agrees to seek to obtain any and all governmental permits, certifications, or other authority QF is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement. The Company hereby agrees to seek to obtain at QF's expense any and all governmental permits, certifications or other authority the Company is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement.

b. **Indemnification:** The Company and QF shall each be responsible for its own facilities. The Company and the QF shall each be responsible for its own facilities in ensuring adequate safeguards for other Company Customers, the Company and QF personnel and equipment, and for the protection of its own generating system. The Company and the QF shall each indemnify and save the other harmless from any and all claims, demands, costs, or expense for loss, damage, or injury to persons or property of the other caused by, arising out of, or resulting from:

Continued to Sheet No. 8.540

Continued from Sheet No. 8.545

The Company agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by the Company or its agents.

e. Conditions Precedent: Notwithstanding any other provisions of this Agreement including the provisions of Paragraph 9.d, the Company shall have the right to terminate this Agreement by notice to the QF, without cause, liability or obligation, if one or more of the following conditions, after reasonable effort by QF, shall not have been or cannot be satisfied in the Company's good faith judgement, and in the time periods described below. The Company in its sole discretion may extend QF's time for satisfying these conditions if one or more of the events described below is pending as of such date and it is reasonable to expect that such event will be accomplished within sixty (60) days:

i. QF meets the Construction Commencement Date;

ii. On or before the QF's Commercial In-Service Date: QF secures certification of the facility as a QF as defined herein and as certified by the FERC;

iii. Within 120 days after the effective date of this Agreement: QF secures any and all land use and zoning approvals reasonably necessary to obtain construction financing and authorizes the commencement of construction of the facility on a basis not substantially adverse to the Company;

iv. Within 120 days after the effective date of this Agreement: QF has secured all other environmental and construction permits and other governmental approvals reasonably necessary to obtain construction financing and to begin construction of the facility on a basis not substantially adverse to the Company;

v. Within 120 days after the effective date of this Agreement: QF achieves closing of financing for construction of the facility;

vi. On or before January 1, 2000: QF provides to the Company written evidence of the rights to adequate fuel supply for the facility in a form satisfactory to the Company;

Continued to Sheet No. 8.555

Continued from Sheet No. 8.550

vii. Within 120 days after the effective date of this Agreement: QF provides evidence in writing in a form satisfactory to the Company indicating and substantiating the ownership of or the right to use the real property as the specific site upon which the facility will be located; and

viii. Within 120 days after the effective date of this Agreement: QF provides sufficient information satisfactory to the Company has been provided to the Company describing the technical capability and experience of the Facility's technology, including its environmental performance of the facility.

f. Assignment: The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without the Company's prior written consent and such consent shall not be unreasonably withheld.

g. Disclaimer: In executing this Agreement, the Company does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with QF or any assignee of this Agreement.

h. Notification: For purposes of making any and all non-emergency oral and written notices, payments or the like required under the provisions of this Agreement, the parties designate the following to be notified or to whom payment shall be sent until such time as either party furnishes the other party written instructions changing such designate.

For: QF

For: Tampa Electric Company
Manager-Industrial/Governmental Marketing & Sales
Tampa Electric Company
702 North Franklin Street (33602)
P.O. Box 111
Tampa, Florida 33601

i. Applicable Law: This Agreement shall be governed by and construed and enforced in accordance with the laws, rules, and regulations of the State of Florida and the Company's Tariff as may be modified, changed, or amended from time to time.

Continued to Sheet No. 8.560

Continued from Sheet No. 8.555

j. **Severability:** If any part of this Agreement, for any reason, be declared invalid, or unenforceable by a court or public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Agreement, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.

k. **Complete Agreement and Amendments:** All previous communications or agreements between the parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both parties to this Agreement.

l. **Incorporation of Rate Schedule:** The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's published Rate Schedule COG-2 as approved and on file with the FPSC. The Rate Schedule is incorporated herein by reference.

m. **Survival of Agreement:** This Agreement, as it may be amended from time to time, shall be binding and inure to the benefit of the Parties' respective successors-in-interest and legal representatives.

IN WITNESS WHEREOF, QF and the Company have executed this Agreement the day and year first above written.

WITNESSES: **Qualifying Facility**

_____ **By:** _____

_____ **Its:** _____

WITNESSES: **Tampa Electric Company**

_____ **By:** _____

_____ **Its:** _____

EVALUATION PROCEDURE
FOR STANDARD OFFER CONTRACTS
APPENDIX A
STANDARD OFFER CONTRACT

The Company believes that Standard Offer Contracts should be evaluated and then accepted based on meeting specific criteria rather than ranking them entirely on the timing of their receipt. This Evaluation Procedure will insure the acceptance of Standard Offer Contracts that meet the Company's needs and are in the best interest of Customers.

Each eligible Standard Offer Contract received by the Company will be evaluated as to its technical reliability, viability and financial stability, as well as other relevant information, in accordance with FPSC Rule 25-17.0832, F.A.C., and the Company's Procedure for Processing Standard Offer Contracts as defined in Rate Schedule COG-2.

QFs submitting Standard Offer Contracts to the Company should, at the same time, provide considerable detail regarding their projects by submitting specific information for each of the following evaluation criteria. Failure to provide this information may result in a determination of non-viability by the Company. Each eligible Standard Offer Contract received will be evaluated based upon the information provided in response to the following list of parameters:

EVALUATION PARAMETERS:

1. **Technical Viability:**

   a. What is the technology being proposed?

   b. Has the technology been demonstrated or commercially applied? Please explain.

   c. Has the QF previously utilized this technology elsewhere?

Construction:	Please provide performance record and experience with project technology.
Operations:	Please provide operator's experience and performance record in comparable facilities.

   d. Has a project feasibility study been conducted by an Independent Engineer to assess project technology and its potential effect on the project's financial results? Please explain.

Continued to Sheet No. 8.570

Continued from Sheet No. 8.565

e. What thermal efficiency must be maintained by the unit(s) in order to retain status as a QF?

2. **Fuel Supply:**

a. What is the primary fuel type?

b. What are the annual fuel requirements? (primary/alternate)

c. Has primary fuel supply been secured? Is the fuel supply domestic, cross-border or foreign? Is the term of the fuel supply agreement equal to the debt term?

d. Is an alternate fuel required?

e. Has an alternate fuel supply been secured?

f. Have transportation arrangements for both primary and alternate fuels been secured (firm/interruptible, provide detail)?

g. Are the pricing terms of the fuel supply agreement(s) directly tied to the corresponding energy payments?

3. **Reliability:**

a. Dispatchability: Will the facility be dispatched on request or will it be base loaded? Please explain.

b. QF Status: Has project obtained FERC certification as a QF? Has application been made for FERC certification? Please explain.

c. Operations and Maintenance: Who will provide O & M for the facility: (a) developer; or (b) third party?

d. Steam Host:
- Please explain the importance of the thermal energy (steam), taken by the steam host, to the overall operations of the steam host.
- Are there adequate alternative candidates in close proximity to the facility that could serve as a potential steam host replacement?
- What is the minimum "steam take" necessary for the project to maintain QF status?

Continued to Sheet No. 8.575

Continued from Sheet No. 8.570

- Has a steam host been secured?
- Is the steam host already in existence?
- Is it a new steam host? (Is it identifiable?)
- What are the steam host's operating hours?
- Is steam host's business cycle or thermal requirements seasonal? If so explain.

e. Permits: What permits or licenses will be required for the project? Have the necessary permits or licenses been secured? What specific environmental considerations must the project meet?

f. Construction Schedule: Has a construction schedule including milestones been formulated? Please provide detail.

g. Site Control: Has the project's location been identified? Has the site been secured? Does the site require specific environmental considerations, i.e. wetlands, etc.? Please explain.

4. Developer's Qualifications:

a. Project's Financial Stability: Does the project Developer's credit rating qualify for Investment-Grade Status? Please provide detail.

b. Developer's Experience: Has developer any projects in operation? Has developer any other projects under construction? Please provide details for each previous IPP or QF projects undertaken by the Developer, including but not limited to:

- Financial arrangements and Institutions,
- Fuel contracts,
- Scheduling/project control information,
- Regulatory treatment,
- Ownership structure, i.e. partnership, limited partnership, contract buy-outs, etc., and
- Total operating experience and performance.

c. Project Financing: Has project financing been secured? Will ownership equity in project be 15% or greater? Will the project be structured as a nonrecourse financing project? Please provide detail.

Continued to Sheet No. 8.580