TESTIMONY OF MIKE NAEVE

DOCKET NOS. 001148-EI,010577-EI AND 000824-EI

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Florida Power & Light Company's proposed merger with Entergy Corporation, the formation of a Florida transmission company ("Florida transco"), and their effect on FPL's retail rates.	**DOCKET NO. 001148-EI**
In re: Review of Tampa Electric Company and impact of its participation in GridFlorida, a Florida Transmission Company, on TECO's retail ratepayers.	**DOCKET NO. 010577-EI**
In re: Review of Florida Power Corporation's earnings, including effects of proposed acquisition of Florida Power Corporation by Carolina Power & Light.	**DOCKET NO. 000824-EI** **FILED: August 15, 2001**

TESTIMONY OF
MIKE NAEVE

Q. Please state your name and occupation.

A. My name is Mike Naeve. I am a partner in the law firm Skadden, Arps, Slate, Meagher & Flom LLP.

Q. Please briefly describe your background.

A. I previously served on the staff of two Texas Governors, was Director of the Legislative Staff of U.S. Senator Lloyd Bentson, and from 1985-1988 was a Commissioner at the Federal Energy Regulatory Commission ("FERC"). While at FERC, I was deeply involved in establishing FERC's policies for enhancing competition in the natural gas industry. These policies included open access transportation, relaxation of wellhead price regulations and deregulation of gas

merchant activities. I also helped to develop new approaches to the FERC's regulation of the electric power industry. Since leaving FERC, I have continued to be involved in FERC regulatory matters, most particularly with respect to the electric utility industry. I have worked on a number of electric utility merger proceedings, and I helped to develop the first market-based rate tariff and the first open access transmission tariff used by FERC as a model for its Order No. 888 pro forma Open Access Transmission Tariff. I have been involved in a number of electric utility restructurings, and I have testified before Congress on several occasions on energy policy and antitrust issues in energy markets. I represent Florida Power & Light Company ("FPL") in a number of matters, including representation at FERC with respect to FPL's participation in GridFlorida.

I. INTRODUCTION

Q. What is the purpose of your testimony in this proceeding?

A. I am presenting testimony on behalf of FPL, FPC and TECO (the "GridFlorida Companies") in support of their position that it is prudent for them to participate in the GridFlorida RTO, as they have proposed to FERC. In particular, my testimony addresses the following issues:

1. Prudence and Benefits (Issue Nos. 2, 3, 5 and 6)

When I discuss the "prudence" of the GridFlorida Companies' decisions, I am addressing this issue from the perspective of the GridFlorida Companies' ratepayers. I address the prudence issue on two levels. First I explain why, given FERC's clearly stated policy that all transmission-owning utilities should join an RTO, it was prudent for the GridFlorida Companies to proactively develop and request approval of an RTO. Second, I explain why, given the decision to

participate in some kind of RTO, the GridFlorida Companies made various choices as to scope, form, ownership and functions that led to the GridFlorida proposal, and why those choices were prudent. In order to explain why these decisions are prudent, I also address the benefits of those decisions.

2. FERC Southeastern RTO Proceeding (Issue No. 11)

Recently, FERC issued a series of orders requiring that parties attend mediation before a FERC ALJ to discuss how to form a large Southeastern RTO. Although the GridFlorida Companies were not required to attend, they were strongly encouraged by FERC to do so. As a consequence, the GridFlorida Companies and other GridFlorida stakeholders, including the Florida Public Service Commission's ("FPSC") Staff, have participated in the FERC discussions. My testimony also deals with this development.

3. Retail Unbundling (Issue Nos. 8 and 9)

Issue Numbers 8 and 9 assume that the GridFlorida Companies have proposed to unbundle their retail electric service. As I explain below, however, that is not the case. These issues therefore are not relevant to the GridFlorida proposal.

4. Chronology of Significant Events

Finally, I also am providing a brief chronology of significant events that have led the GridFlorida Companies to the current stage of GridFlorida development. Although this testimony does not directly relate to any of the hearing issues, it provides useful background information for the FPSC.

Q. Are you sponsoring any exhibits as part of your testimony?

A. Yes. On July 30, five volumes of GridFlorida formation documents were filed as Exhibit CMN-1 to my testimony. These documents also were filed to give the

FPSC useful background regarding GridFlorida. I have included a sixth volume to Exhibit CMN-1 in the filing made today.

Q. What other witnesses are testifying on behalf of the GridFlorida Companies?

A. In addition to my testimony, the GridFlorida Companies are jointly sponsoring a number of other witnesses in support of their position. In particular, the GridFlorida Companies are submitting testimony addressing the following issues:

1. **FERC RTO Policy (Issue Nos. 1-3).** Mr. James Hoecker, the recent Chairman at FERC who was responsible for the issuance of Order No. 2000, will testify regarding FERC's RTO policy. In particular, he will explain that it is FERC's clearly expressed policy that all transmission owners join an RTO. Mr. Hoecker also will explain the benefits that FERC believes would result from RTO participation, and why those benefits should apply to Florida.

2. **Governance, Planning, Operations and Market Design (Issue Nos. 2, 3, 5 and 6).** This testimony addresses the substance of the GridFlorida proposal and explains why the various substantive provisions are appropriate. Since the various subjects are all interrelated, this testimony is being jointly sponsored by myself, Mr. Marty Mennes of FPL, Mr. Greg Ramon of TECO and Mr. Henry Southwick of FPC. I refer to this testimony later on as the "Panel Testimony."

3. **Pricing (Issue Nos. 2, 3, 5 and 6).** The GridFlorida Companies have not yet filed the proposed rates for GridFlorida. However, the GridFlorida Companies have made detailed filings regarding the approach that they will follow, including a rate plan designed to mitigate cost shifts resulting

from the elimination of pancaked rates as required by FERC. Mr. William Ashburn of TECO is presenting testimony describing the GridFlorida rate proposal and why it provides adequate mitigation of cost shifts and otherwise is appropriate.

4. **Start-Up and Operating Costs (Issue No. 4).** Mr. Brad Holcombe of Accenture, which has helped the GridFlorida Companies to develop a blueprint and budget for GridFlorida start-up, presents testimony on the proposed GridFlorida start-up and initial operating costs. Mr. Holcombe explains how cost estimates were developed and shows that the GridFlorida costs are reasonable when compared to start-up costs for other RTOs. Mr. Holcombe's testimony relates to the total GridFlorida budget – some portion of which would have been incurred by the GridFlorida Companies even if GridFlorida never is implemented. Mr. Holcombe also sponsors an analysis prepared by the three companies that identifies which annual operating costs are incremental to GridFlorida, i.e. the portion of total operating costs described by Mr. Holcombe that would not be incurred by the GridFlorida Companies in the absence of GridFlorida. Mr. Holcombe's testimony was filed on July 30.

5. **GridFlorida Development Activity and Costs (Issue Nos. 4 and 6).** Mr. Henry Southwick presents testimony describing the interim development work that the GridFlorida Companies performed in order to make GridFlorida operational, and also addresses the estimated total costs of GridFlorida. This testimony was filed on July 30.

6. **Company Specific Testimony.** Finally, each of the GridFlorida Companies is presenting company-specific testimony dealing with issues specific to the individual companies. Those witnesses are as follows:

Florida Power Corp	H. I. Southwick
Florida Power and Light	C. M. Mennes
Florida Power and Light	K. M. Dubin
Tampa Electric Co	W. R. Ashburn
Tampa Electric Co	T. L. Hernandez

II. IT WAS PRUDENT FOR THE GRIDFLORIDA COMPANIES TO PROPOSE RTO PARTICIPATION (ISSUE NOS. 2, 3, 5 , 6 AND 11)

A. GIVEN FERC'S POLICY THAT ALL TRANSMISSION OWNERS JOIN AN RTO, IT WAS PRUDENT FOR THE GRIDFLORIDA COMPANIES TO HAVE SUBMITTED A PROPOSAL TO FORM AN RTO

Q. What was the GridFlorida Companies' view as to whether they were required to join an RTO?

A. As Mr. Hoecker explains, it was FERC's clearly stated policy that all transmission owners join an RTO. The GridFlorida Companies read Order No. 2000 as raising the very strong likelihood that, if the GridFlorida Companies did not file their own RTO proposal, FERC eventually would force RTO participation, either through a direct order or through the imposition of a number of ever increasing penalties – "guidance and encouragement" – as FERC put it in Order No. 2000.[1] The

[1]Order No. 2000 at 115.

GridFlorida Companies did not believe that RTO participation was voluntary in the long run, notwithstanding that FERC declined to make a generic finding in Order No. 2000 that every utility was required to join an RTO. In this regard, I think that the opinion of DC Court of Appeals Judge Williams is instructive in describing FERC's claim that participation in its natural gas pipeline restructuring rule was "voluntary": "[W]hen a condemned man is given the choice between the noose and a firing squad, we do not ordinarily say that he has 'volunteered' to be hanged."[2]

Q. Given FERC's stated policy about RTO participation, what is your opinion as to the prudence of the GridFlorida Companies' decision to submit a proposal to form an RTO?

A. A prudent utility would not frame the question simply as whether or not it should join an RTO, but instead as whether it is better to proactively develop and submit a proposal or to wait and run the substantial risk that it ultimately would be required by FERC to join an existing RTO. In my view, it was prudent for the GridFlorida Companies to make the decision to submit their own proposal rather than take the substantial risk that they later would be forced to join an existing RTO.

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[2]Associated Gas Distributors v. FERC, 824 F.2d 981 at 1024 (D.C. Cir. 1987).

Q. Why is that?

A. It is a question of controlling your own destiny. If the GridFlorida Companies later were forced to join an existing RTO, they would have to take that RTO as they found it, and would have minimal input into its essential features. By contrast, there have been considerable benefits to Florida ratepayers resulting from the GridFlorida Companies' decision to form their own RTO and to develop their own proposal, including the following:

1. **Florida Collaborative Process:** One of the chief benefits of the GridFlorida Companies' decision to form their own RTO is that they established a substantial collaborative process in which all Florida stakeholders, including representatives of the FPSC, were able to provide guidance and advice on the content of the GridFlorida Companies' RTO proposal. While the GridFlorida Companies did not accept all comments that they received (many of which were mutually exclusive with other comments received) the comments that the Florida stakeholders provided materially shaped the ultimate contents of the GridFlorida proposal. By contrast, if the GridFlorida Companies had not filed their own proposal, but later were required to join an RTO formed without the benefit of the Florida collaborative process, the Florida stakeholders (including the GridFlorida Companies) would have been completely shut out of the development process.

2. **Peninsular Florida Scope:** The FPSC has expressed on numerous occasions its strong preference that any RTO joined by the GridFlorida Companies be limited to Peninsular Florida. Because the GridFlorida Companies submitted their own proposal, they were able to achieve this goal. By contrast, if

the GridFlorida Companies had declined to develop their own proposal and later were forced to join an existing RTO, the only existing RTOs would be located outside of Florida. The benefit of a Florida RTO to Florida electric consumers was recognized by the FPSC's Staff in a September 2000 briefing paper by the Division of Policy Analysis & Intergovernmental Liaison entitled "Regional Transmission Organizations: Policy Analysis Briefing Paper: The Viability of an RTO in Florida." At page 33 of the briefing paper, the Staff noted that:

> Any RTO adopted for Florida should take into account the state's unique geographical location and transmission tielines. Also, this RTO must balance the current level of the state's energy prices and electric reliability with the desire of industrial users and merchant plant owners for fair and equal access to the state's transmission grid. Each operating RTO across the country has been designed to address particular regional issues, many of which are quite different from the Florida status quo.

3. **Florida Focus:** A closely related benefit to the Peninsular Florida scope of the RTO is that such an RTO would have a Florida focus in the way that it operates after it commences operations. The RTO would be headquartered in Florida, would focus its operational and planning efforts on Florida, and would not be put in the position where it would have to balance the impacts of its actions between Florida and other regions and thereby benefit another state at the expense of Florida.

4. **Cost Shifts and Mitigation:** While the GridFlorida proposal, as a consequence of implementing FERC's requirement that rate pancakes be eliminated, does result in some cost shifts among various Florida customers,

participation in an out-of-state RTO might result in Florida customers being required to bear costs previously borne by out-of-state customers. Furthermore, the GridFlorida Companies developed, through the Florida collaborative process, a cost-shift mitigation plan designed to mitigate the impacts of any such cost shifts. The GridFlorida Companies would be required, of course, to accept whatever cost shift mitigation plan, if any, is established by an existing RTO if they were forced to join such an RTO in the future.

5. **Cost Control:** Finally, because the GridFlorida Companies have been responsible for developing the GridFlorida proposal, they have been able to shape that proposal in ways intended to limit cost incurrence. For example, as explained in Mr. Holcombe's testimony, the GridFlorida Companies have decided to use the existing FPL control center initially on an interim basis, which will allow significant cost savings when compared to the construction of an entirely new control center. FERC has required the GridFlorida Companies to wait until the Independent Board is formed before making certain implementation decisions affecting market design, but the GridFlorida Companies are permitted to make other development decisions that can impact the overall costs of GridFlorida. The cost issue is addressed in more detail in the testimony of Mr. Holcombe and Mr. Southwick.

Q. **What is your conclusion about the prudence of the GridFlorida Companies' decision to develop and file an RTO proposal?**

A. First of all, notwithstanding FERC's decision to follow a "voluntary approach", it was FERC's clearly stated policy that all transmission owners join an RTO, as Mr.

Hoecker explains in his testimony. I do not believe that the GridFlorida Companies should be found to be imprudent for following a clearly articulated federal policy.

Furthermore, given FERC's stated policy, it was prudent for the GridFlorida Companies to proactively develop and file an RTO proposal rather than wait and take the significant risk that they ultimately would be forced to join an existing RTO that would have been developed without their input. This decision has resulted in benefits to the GridFlorida Companies and their Florida ratepayers when compared to the results if the GridFlorida Companies later were forced to join an existing RTO.

Q. How are your conclusions impacted by the FERC's recent order initiating mediation to establish a larger Southeastern RTO?

A. As of the filing date of this testimony, the parties are still involved in the FERC mediation, so I do not know what proposal may arise out of that mediation, how FERC will react to any such proposal, or whether the GridFlorida Companies would agree to join the larger RTO. However, the GridFlorida Companies are participating in the FERC mediation for the same reason that they believed that it was prudent to develop the GridFlorida proposal in the first place. They are concerned that someday they may be ordered by FERC to become part of the Southeastern RTO and, even if that is not the case, a Southeastern RTO will have a significant impact on the Florida market. By participating actively in the Southeastern RTO discussion, the GridFlorida Companies already have been able

to influence the process, and it appears that the parties are likely to agree to many of the same features that are in the GridFlorida proposal. The GridFlorida Companies hope that by participating they can make the proposed RTO as efficient and effective as possible, and otherwise protect Florida ratepayers. Of course, the GridFlorida Companies would consult with the FPSC prior to making any decisions about Southeastern RTO participation.

Q. Will the GridFlorida Companies be required by FERC to participate in the Southeastern RTO?

A. At this point, it is too early to tell. I believe that it is possible that FERC will not require the GridFlorida Companies' participation in a Southeastern RTO initially, given that FERC did not require the GridFlorida Companies to participate in the mediation. However, I believe in the long run that it is likely that GridFlorida will be required to join the Southeastern RTO if the GridFlorida Companies do not agree to join initially. The GridFlorida Companies therefore likely will be faced with a similar situation to the one that they faced with Order No. 2000 – they can participate actively and shape the RTO to benefit Florida to the extent possible or they can refuse to join initially and ultimately be required to participate in an RTO that was formed without their involvement and with no Florida focus whatsoever.

B. OTHER BENEFITS OF RTO PARTICIPATION

Q. Are there other benefits to the GridFlorida Companies' decision to form an RTO?

A. Yes. Mr. Hoecker addresses the general benefits that FERC believes would result from RTO participation. My testimony focuses on some of the specific benefits to

Florida that would result. Many of these benefits are difficult if not impossible to quantify.

Q. What benefits result from the GridFlorida proposal?

A. As discussed by Mr. Hoecker, one of the benefits of RTO participation is the elimination of pancaked rates. FERC stated that this should allow more efficient transactions to occur. As Mr. Ashburn explains in detail, the GridFlorida proposal eliminates pancaked rates for new transactions and depancakes existing transactions over a period of 10 years.

A second benefit is a congestion management proposal that leads to more efficient allocation of transmission capacity. The GridFlorida proposal includes a Physical Transmission Rights ("PTR") model of congestion management that FERC approved. This approach is discussed in more detail in the Panel Testimony.

A third benefit is the creation of a real-time balancing market and ancillary services markets that are market based as is described in more detail in the Panel Testimony. Again, this should permit a more efficient wholesale market. The GridFlorida Companies included a revised market design in their May 29 Compliance Filing at FERC, and FERC's order on that filing is pending.

Q. These benefits all relate to creating a more efficient wholesale market. Can such benefits be obtained in Florida given the Florida Supreme Court's ruling interpreting the application of the Florida Electrical Power Plant Siting Act ("Siting Act") to merchant plants?

A. Mr. Hoecker explains that there can be benefits from increased competition in Florida even if merchant plants cannot be built. Furthermore, as I understand it, the Supreme Court's ruling does not prevent non-utility generation owners from building plants in Florida. For example, a nonutility generation owner can execute a contract with a load-serving entity to supply all or a significant portion of its entire output. In addition, plants with a steam cycle below 75 MW in size and any plant that does not have a steam cycle, such as a simple cycle peaking plant, are exempt from the Siting Act and therefore do not need to be owned by or dedicated to a load serving entity. Such plants provide competition for existing wholesale sellers of power to load-serving entities. Changes that eliminate rate pancaking and ensure nondiscriminatory open access will benefit these plants and increase wholesale competition.

The argument that non-utility generation facilities can still be developed in Florida is not just a theoretical argument. As described in the Panel Testimony, the GridFlorida Companies currently have pending requests for interconnection of over 50 plants representing over 26,000 MW of non-utility owned generation to be placed in service in the next five years. While not all of these plants will be placed into service (and indeed some of the requests have been filed in anticipation of a revision to the Siting Act), the magnitude of the requests shows that a significant amount of non-utility plants likely will be built in Florida notwithstanding the Florida Supreme Court's ruling.

Furthermore, I would note that the Governor has appointed a Committee to study steps that can be taken to foster increased wholesale competition in Florida. Whatever form any restructuring of the Florida utility industry might ultimately take, having an RTO in place is an important predicate for wholesale competition. It is appropriate to establish GridFlorida soon so that the infrastructure will be in place at such time as the Florida legislature acts. This conclusion is consistent with the FPSC Staff's opinion as expressed at page 34 of the briefing paper I described above. "An effective RTO is a necessary . . . condition toward the development of a competitive wholesale generation market."

Finally, there are many merchant plants and other generation facilities located outside of Florida. Improving wholesale competition should at the very least have a positive impact on the availability and price of power imported into Florida.

Q. Are there other benefits from having an RTO?

A. Yes. Another significant benefit is in having the planning function discharged by a single entity, particularly with respect to interconnection planning. As noted above, there are a large number of interconnection and transmission service requests pending before the GridFlorida Companies. Many of these requests impact the systems of more than one of the GridFlorida Companies, and therefore have to be studied by more than one of the GridFlorida Companies, or have to be organized into a joint study among the GridFlorida Companies. The use of separate queues has had the effect of complicating new supplier access to the Florida grid, as explained in more detail in the Panel Testimony regarding the

GridFlorida proposal. When separate queues are combined into a single GridFlorida queue and the planning function is performed on a regional basis by GridFlorida (or by a larger RTO), the impacts of a particular interconnection and/or transmission request can be analyzed in one study performed on a regional basis. This should facilitate access to the grid and encourage new generation.

Q. What other benefits result from the GridFlorida Companies's decision to form an RTO?

A. As Mr. Hoecker testifies, FERC has indicated that it will be much more open to innovation in transmission service from RTOs than it has been to deviations from the Order No. 888 pro forma tariff by individual transmission owners. This should be the case for GridFlorida as well. It is difficult to foresee exactly what innovations will arise in the future, but the ability to adjust to a rapidly changing industry is an important benefit that should permit the GridFlorida Companies to access power to serve their customers at a lower overall cost.

Q. Do these benefits justify the GridFlorida Companies' decision to incur the costs of GridFlorida?

A. As I stated above, the choice faced by the GridFlorida Companies was whether to proactively propose to join an RTO or run the strong risk that they would be forced to join an existing RTO in the future. The prudence of this decision cannot be judged simply by comparing the costs of GridFlorida with a quantification of the benefits, because such a calculation ignores the substantial likelihood that the GridFlorida Companies would be forced to join an RTO eventually. The proper way to evaluate the prudence of the GridFlorida Companies' decision is to

compare the outcome of the GridFlorida Companies' decision to proactively propose GridFlorida with the outcome that would result if the GridFlorida Companies were forced to join an RTO at some point in the future. As I showed above, it is clear that it was prudent and in the best interests of the GridFlorida Companies' ratepayers for the GridFlorida Companies to have developed their own proposal rather than be forced to join an RTO designed by someone else out of state.

Having said that, the benefits to joining an RTO described above are significant, particularly in the long run as competitive wholesale markets evolve and mature. However, some of these benefits are very difficult to quantify. The significant benefits of RTO formation reinforce the prudence of the decision to go forward rather than attempt to resist RTO participation to the bitter end. The FPSC should not let the fact that many of these benefits are difficult to quantify color its view of the soundness of the GridFlorida Companies' decision to go forward with GridFlorida.

III. THE GRIDFLORIDA COMPANIES' DECISIONS REGARDING THE SPECIFIC GRIDFLORIDA PROPOSAL WERE PRUDENT (ISSUE NOS. 2, 3, 5 AND 6)

Q. So far, you have addressed the prudence of submitting an RTO proposal to FERC, and have concluded that the GridFlorida Companies' decision to do so was prudent. Would you now please address specific decisions regarding the structure of GridFlorida that were made by the GridFlorida Companies. What were the key alternatives considered by the GridFlorida Companies?

A. In my view, there were four key strategic alternatives considered by the GridFlorida Companies. These alternatives were as follows: (1) Whether to propose a scope larger than Peninsular Florida; (2) Whether to propose a for-profit Transco or a non-profit ISO; (3) Whether the GridFlorida Companies would transfer ownership of their transmission facilities to GridFlorida or retain ownership and only transfer operational control over the transmission facilities; and (4) Whether to propose an Independent Board or a Stakeholder Board.

In reviewing the GridFlorida Companies' choices with respect to these strategic alternatives, it is important to recognize that the GridFlorida Companies were not completely free to advance whatever alternative they wanted. Order No. 2000 had some very specific guidelines as to characteristics and functions an acceptable RTO proposal would have to include. To the extent that an alternative is inconsistent with Order No. 2000, it could never be approved by FERC and therefore was not selected by the GridFlorida Companies even if they otherwise might have believed that the alternative had merit.

Below, I will discuss the most important strategic consideration for each of the alternatives and will evaluate the GridFlorida Companies' decisions.

A. REGIONAL SCOPE

Q. What alternatives did the GridFlorida Companies consider with respect to the regional scope of their RTO?

A. The GridFlorida Companies knew that FERC likely would not consider an RTO smaller than Peninsular Florida, and the FERC would prefer a larger size if possible.

Q. What factors did the GridFlorida Companies consider in deciding on the appropriate scope?

A. The GridFlorida Companies knew that the FPSC strongly preferred a scope limited to Peninsular Florida for many reasons, including the fact that peninsular Florida has unique geography, being surrounded by water on three sides, the FRCC region encompasses peninsular Florida, transmission facilities in Florida are already subject to regional coordination for reliability purposes, and peninsular Florida is already a large energy market unto itself. A Peninsular Florida scope would allow the RTO to be headquartered in Florida and to focus on reliability and operations in Florida. In addition, Florida had become a separate reliability region in 1996, underscoring the reasonableness of using peninsular Florida as the proper regional scope for an RTO. Finally, the GridFlorida Companies knew that it would be more difficult to reach agreement with entities outside of Florida, which would make it more difficult to meet FERC's October 15, 2000 deadline for filing RTO proposals, if indeed any agreement at all could be reached with entities outside of Florida. Based on these factors, the GridFlorida Companies decided to limit their RTO proposal to Peninsular Florida.

Q. Was this a prudent decision?

A. Yes it was. While there was some risk that FERC might reject a Florida-only RTO, the GridFlorida Companies were able to convince FERC that this was an appropriate scope.

Q. What is the GridFlorida Companies' position with respect to participation in the Southeastern RTO that FERC is attempting to form?

A. As I stated previously, GridFlorida was invited but not required to participate. Nevertheless, the GridFlorida Companies are attending these meetings. They believe that it is prudent to at least participate in the meetings to protect the interests of Florida. The GridFlorida Companies will evaluate whether it is appropriate to participate after the Southeastern RTO proposal is developed and FERC provides further guidance on its expectations for participation in such an RTO. As I noted above, any decision will be made after consultation with the FPSC.

B. FOR PROFIT TRANSCO OR NON-PROFIT ISO

Q. What alternatives did the GridFlorida Companies consider with respect to the corporate nature of their proposed RTO?

A. There were two basic alternatives considered. The first was forming a for-profit transmission company ("Transco"). The second was forming a non-profit independent system operator ("ISO").

Q. What concerns about Transcos did the GridFlorida Companies consider in evaluating these alternatives?

A. The GridFlorida Companies were aware that some concerns had been raised nationally that Transcos would not be the neutral system operators that FERC

requires. However, FERC specifically addressed this issue in Order No. 2000 and found that a properly structured Transco would be independent from market participants, if the proposal limited market participant ownership to "passive" ownership without any rights to control the decisions or operations of the Transco.

Q. What concerns did the GridFlorida Companies have about ISOs?

A. The GridFlorida Companies were concerned that the existing ISOs did not appear to have the proper incentives to operate efficiently or to attempt to reduce costs. For example, the California ISO built a redundant and expensive control center and hired a large staff. The problem is that a non-profit ISO is not directly accountable to anyone or to any entity that has an interest in ensuring that costs are incurred efficiently. So long as the ISO is able to recover its costs in its rates and at the same sees no benefit from reducing those costs, it has no real incentive to keep costs down.

By contrast, a for-profit Transco is accountable to its owners for the way that it incurs costs, which adds an additional incentive for efficiency. The GridFlorida Companies recognize that there are significant start-up and staffing costs that will be incurred in forming an RTO under either a Transco or an ISO proposal. However, they believe that these costs could be kept under better control with a Transco.

Q. Are there other concerns about the accountability of an ISO?

A. Another problem with the fact that an ISO Board of Directors does not have to answer to shareholders is that it can become entrenched and less responsive to the

needs of customers and other stakeholders. It is very difficult for any outside party to remove an Independent Director of an ISO without compromising the ISO's independence, even when the ISO is not performing satisfactorily. By contrast, the Directors of a Transco are responsible to their shareholders. If the Transco is not operating efficiently and providing good service, then the Directors can be replaced.

Q. What is another concern about ISOs?

A. A non-profit ISO generally owns relatively few assets. This means that the ISO is not financially strong, and as a consequence must be extremely risk-averse. When faced with a decision that could require it to take on some risk, an ISO must avoid such risk, and instead must shift the risk to others even at the expense of not providing better service or failing to improve the workings of the market. There is no incentive for an ISO to propose more efficient tariff structures or services if those tariffs or services expose the ISO to both greater risk and greater opportunity when the upside of the opportunity will not be retained.

I do not mean to suggest that a Transco would or should be willing to take on risk unnecessarily. However, as an entity with considerably greater financial strength, a Transco will be able to weigh the benefits and consequences of risk, and to take on an acceptable amount of risk if that will result in improved service or efficiency, and if the risks are balanced with a potential for reward. As a for-profit entity, the Transco will have the incentives to do so in order to increase its profits. I want to emphasize here that I am referring here to business risk, such as

a decision to install equipment that allows service to be provided more efficiently in the expectation that the resulting cost savings will offset the cost of equipment. I do not believe that a Transco is more likely to take operational risks that could threaten the reliability of the grid, nor do I believe that taking such risks would be appropriate.

Q. Are there other advantages to the Transco structure?

A. Yes. Another advantage to a Transco that owns assets is that it has greater financial strength and access to capital necessary to fund construction and maintenance at a lower cost. The GridFlorida Companies also believed that a Transco that owns its own assets is more likely to focus more carefully on prudent asset operation and maintenance policies. These prudent policies will be applied not only to the assets owned by the Transco, but to all other assets under its long-term control.

Q. What decision did the GridFlorida Companies make with respect to the Transco?

A. FPL decided early on that a Transco was more desirable. Although TECO initially had proposed an ISO, after TECO discussed the relative benefits of a Transco, TECO became convinced that the Transco approach was superior. FPC also initially contemplated an ISO, but was willing to go forward with a Transco approach since that was what was preferred by the other GridFlorida Companies.

Q. Do you believe that this was a prudent decision?

A. Yes. In my view, the aspects of a Transco that made it attractive to the GridFlorida Companies, i.e. efficiency, economy, accountability, innovation and financial strength, all also work to the benefit of Florida ratepayers.

Q. Have other RTOs proposed a Transco structure?

A. Yes. In the Southeast, GridSouth has proposed that a Transco be the RTO. The Alliance RTO also is structured to eventually be a Transco.

C. OWNERSHIP OF TRANSMISSION FACILITIES

Q. What alternatives did the GridFlorida Companies face with respect to the ownership of their transmission facilities?

A. Even after the GridFlorida Companies decided to form a Transco, they still had to decide whether or not to transfer ownership of their transmission facilities to the Transco or simply to transfer operational control while retaining ownership.

Q. What considerations applied to this decision?

A. Some of the considerations are similar to the considerations regarding the choice between a Transco and a non-profit ISO. As I discussed above, if the Transco owns considerable assets, it will have greater financial strength and more incentives to innovate, and will be able to assume an acceptable amount of risk in order to provide improved service.

Q. What other benefits are there to transferring ownership of transmission facilities to GridFlorida?

A. There is a benefit to aligning the ownership of the transmission facilities with the responsibility for operating and maintaining those facilities. This alignment also results in the entity that is responsible for decisions regarding expansion and other

capital expenditures also being an owner of facilities with the responsibility for obtaining the necessary financing.

Q. What are the benefits of retaining ownership of transmission facilities?

A. Given the current uncertainties regarding the ultimate shape of the restructured electric industry, there is a benefit in retaining ownership of transmission facilities in order to increase flexibility to respond to changes that may occur in the future.

Q. Does the decision to transfer ownership of transmission facilities affect the treatment of the GridFlorida Companies' transmission assets for retail rate purposes?

A. No. As I explain further below, FERC has required entities that retain ownership of their transmission facilities to nevertheless take transmission service for retail load from the RTO. Therefore, all transmission facilities of the GridFlorida Companies must be included in GridFlorida's rates, whether those facilities have been divested to GridFlorida or ownership of the facilities is retained by the GridFlorida Companies. While there may be a number of ways to reflect this fact in the GridFlorida Companies' retail rates, the transfer of ownership of transmission facilities to GridFlorida should make no difference in how retail rates are determined.

Q. What decisions did the GridFlorida Companies make regarding the transfer of ownership of transmission facilities to GridFlorida?

A. FPL and TECO decided to transfer ownership of their transmission facilities to GridFlorida while FPC decided to retain ownership and transfer operational control only.

Q. Do you believe that the GridFlorida Companies' decisions with respect to transmission facility ownership were prudent?

A. I think that it is very important that GridFlorida own significant assets of its own, for the reasons described above. As a result, I think that it was prudent for FPL and TECO to have decided to transfer ownership of their transmission facilities to GridFlorida. At the same time, I think it is prudent for FPC to continue to own its transmission facilities.

D. INDEPENDENT OR STAKEHOLDER BOARD

Q. What alternatives were available with respect to Board composition?

A. In Order No. 2000, FERC discussed two types of Boards for RTOs. One type is an "Independent Board" which consists of persons without any connections to any market participant. The second type is a "Stakeholder Board," which consists of representatives of the various groups of market participants.

Q. What factors did the GridFlorida Companies consider in evaluating these alternatives?

A. There was some attraction to the GridFlorida Companies in being able to have representation on the Board through the use of a Stakeholder Board. However, the problem with such boards is that the directors tend to represent their stakeholder groups more than the interests of the RTO itself. This can cause real management problems given that no stakeholder group is permitted under Order No. 2000 to have a controlling interest in the Board, and therefore the Board tends to deadlock when forced to make difficult decisions that impact different stakeholders differently. Indeed, the problem got to be so bad in California that

FERC ordered the Stakeholder Board to be dissolved and replaced by an Independent Board. The GridFlorida Companies want to have a Board acting in the best interests of the RTO and that is able to make decisive decisions when faced with difficult issues.

Q. Are there other advantages of an Independent Board?

A. Yes. While the stakeholders know a great deal about the electric industry in Florida, they are not necessarily knowledgeable about the corporate governance issues that would typically be expected of a Board of Directors of a company the size involved here. By using an Independent Board, the GridFlorida Companies opened for consideration a much bigger pool of qualified candidates from across the nation with a number of useful skills and experiences that simply would not be available to a Stakeholder Board. The GridFlorida Companies believe that such a Board ultimately should do a much better job in directing the affairs of GridFlorida.

Q. Do you believe that the GridFlorida Companies' decision to employ an Independent Board is prudent?

A. Yes, I believe that an Independent Board is much better than a Stakeholder Board. Furthermore, notwithstanding that FERC stated in Order No. 2000 that it would not prevent Stakeholder Boards, I believe that it would be difficult to obtain FERC approval of a Stakeholder Board in light of its ruling described above in which it required the California ISO to dissolve its Stakeholder Board and to form an Independent Board. I also would note that the GridFlorida Companies have

provided for a Stakeholder Advisory Committee that will give all stakeholders the opportunity to provide input to the Board.

IV. TREATMENT OF BUNDLED RETAIL LOAD (ISSUE NOS. 8-9)

Q. What does Order No. 2000 require with respect to transmission service for bundled retail load?

A. Under Order No. 888, utilities were permitted to provide transmission service to their own bundled retail load "off the tariff," i.e. they were not required to charge a separate transmission rate for the service provided to their bundled retail customers. Order No. 2000, as written, was somewhat ambiguous as to whether utilities now would have to obtain transmission service for their bundled retail customers from the RTO or whether they could continue to provide that service to themselves without using the RTO tariff. Subsequently, however, FERC issued rulings on this issue with respect to both the GridSouth and Southern Companies' RTO ("SETrans") proposals. In each case, FERC made it clear that bundled retail load would have to be served by the RTO, even if the utility retained ownership of its transmission facilities. These decisions eliminated any possibility that FERC would have permitted the GridFlorida Companies to continue serving their bundled retail loads off of the GridFlorida tariff.

Q. Will this result in the GridFlorida Companies' retail electric service being unbundled or Florida retail customers becoming transmission customers of GridFlorida?

A. No. The GridFlorida Companies will be the customers of GridFlorida under the RTO tariff, and the rate established by FERC will be the rate paid by the

GridFlorida Companies, not the rate paid by retail customers. The GridFlorida Companies then will use the transmission service that they purchase from GridFlorida to continue to provide bundled retail service to their retail customers. Conceptually, this will be no different than when the GridFlorida Companies purchase power for resale to retail customers at wholesale at rates established by FERC. In both instances, the GridFlorida Companies are the purchasers at wholesale and these purchases constitute elements of the bundled service that the GridFlorida Companies provide to their retail customers.

In my view, Issue Nos. 8 and 9 therefore do not come into play with respect to the GridFlorida proposal. The GridFlorida Companies will continue to provided bundled retail electric service, including the retail transmission portion of that bundled retail service, and therefore need not address the issue of seeking Commission approval to unbundle.

Q. Will FERC assume jurisdiction over the rates paid by retail customers for transmission service provided by GridFlorida?

A. Again, the wholesale power purchase example is instructive. The fact that FERC regulates wholesale power purchases by the GridFlorida Companies does not prevent the FPSC from regulating the GridFlorida Companies' bundled retail rates. Although the GridFlorida Companies must, as a matter of law, be permitted to recover in retail rates prudently incurred charges resulting from FERC approved rates, the FPSC determines how these and other prudently incurred costs will be reflected in retail rates.

Similarly, the fact that FERC will have jurisdiction over GridFlorida rates will not prevent the FPSC from reviewing and approving the manner in which these costs are recovered through bundled rates charged by the GridFlorida Companies to their retail customers. However, once the FPSC determines that it is prudent for the GridFlorida Companies to participate in GridFlorida, the GridFlorida Companies must be allowed to pass through to retail customers the costs of the transmission rates charged by GridFlorida and approved by FERC, just as they are permitted to pass through prudently incurred wholesale power purchase costs approved by FERC.

V. CHRONOLOGY OF SIGNIFICANT EVENTS IN GRIDFLORIDA PROCESS

Q. Would you please describe the significant events in the process of the development of GridFlorida?

A. Yes. The chronology can logically be broken into four time periods: (1) From the issuance of Order No. 2000 on December 20, 1999 to the initial GridFlorida filing on October 16, 2000; (2) From October 16 to the issuance of FERC's Order provisionally approving the GridFlorida proposal on March 28, 2001; (3) From the issuance of FERC's Order on March 28 to the meeting of the FPSC on May 29,2001 at which the FPSC decided to investigate the prudence of the GridFlorida Companies' decision to participate in GridFlorida; and (4) From May 29, 2001 forward.

Q. What significant events occurred from the issuance of Order No. 2000 on December 20, 1999 to the initial GridFlorida filing on October 16, 2000?

A. In response to Order No. 2000, the GridFlorida Companies sponsored a number of stakeholder meetings in 2001 to discuss the various aspects of an RTO proposal. Initially, there were four stakeholder groups that held meetings: (1) the Steering Committee, which was assigned the task of overseeing the collaborative process; (2) the Governance Working Group; (3) the Pricing Working Group; and (4) the Planning and Operations Working Group. Later, a fifth working group, the Market Design Working Group, was established and commenced to address market design issues. Each of these groups met on numerous occasions in Tampa, which the stakeholders agreed was a convenient central location. A website was established to provide notice of meetings and on which drafts could be obtained of the various documents being developed in the working group meetings. There were numerous stakeholders who participated, including a number of members of the FPSC's Staff. The list of participants on the website shows 248 persons who participated at one or more meetings.

After several months of stakeholder meetings, the GridFlorida Companies agreed to pursue a joint filing that ultimately became the GridFlorida proposal. The GridFlorida Companies continued to work their proposal through the stakeholder process, and distributed drafts of the various documents to the stakeholders for their comments. This proposal was filed at FERC on October 16, 2000, as required by Order No. 2000. There were, however, additional details required to make the proposal complete, especially with respect to the proposed market design. The GridFlorida Companies therefore requested that FERC give them

until December 15, 2000 to make a supplemental filing that would supply the additional details. However, the GridFlorida Companies had filed a complete governance proposal, and they requested that FERC provide an expedited review and ruling on the provisions regarding board selection. The GridFlorida Companies wanted an early FERC ruling on this issue so that they could commence the board selection process in time to have the board in place prior to the December 15, 2001 deadline in Order No. 2000 for the commencement of RTO operations.

Q. What significant events occurred from October 16 to the issuance of FERC's Order provisionally approving the GridFlorida proposal on March 28, 2001?

A. Immediately after making their October 16 filing, the GridFlorida Companies initiated a collaborative process for developing their supplemental December 15 filing. Given the relatively short period of time available, the GridFlorida Companies decided that the process of having separate working groups meeting on an ad hoc basis would not work. Instead, they developed a process with professional facilitators who had been hired to assist in the collaborative process. Under this process, the GridFlorida Companies held a series of meetings with the stakeholders in a single group to discuss the supplemental filing. A draft filing was distributed prior to the last meeting, which was devoted to discussing the proposed filing. The GridFlorida Companies then made their supplemental filing on December 15, 2000.

On January 10, 2001, FERC issued its order addressing the governance issues that the GridFlorida Companies had requested to be addressed on an expedited basis. FERC approved the proposed structure, subject to requiring a few minor modifications. The governance structure is addressed in more detail in the Panel Testimony.

FERC's order approving the governance structure triggered the time period in which parties were required to provide a notice stating that they intended to divest their facilities and transfer ownership to GridFlorida. FPL issued its Divestiture Notice on February 1, 2001 and TECO issued its Divestiture Notice on February 9. As I discussed previously, FPC has decided not to divest its transmission facilities, at least not initially.

Another consequence of the issuance of FERC's order on governance is that the board selection process then could commence. As a result, the GridFlorida Companies initiated the process for forming the stakeholder Board Selection Committee. Once the Committee was formed, they commenced meeting and selected the search firm of Hiedrick & Struggles to assist in the search.

The GridFlorida Companies also recognized that development work needed to commence quickly if they were to meet the deadline in Order No. 2000 of December 15, 2001 for the commencement of operations. As a result, they formed GridFlorida and assumed its management on an interim basis. The first

steps that they were required to take were to establish a bank account in which to keep the membership fees for the Board Selection Committee and to initiate the process of selecting a consultant to assist with the development work. In order to fund the initial development work, the GridFlorida Companies each entered into an agreement to lend $1 million to GridFlorida, with the loans to be repaid out of the proceeds of whatever financing arrangements GridFlorida entered into for its initial operations.

On March 28, 2001, FERC issued an order provisionally approving the GridFlorida proposal. FERC required a number of modifications to be made to the proposal, including the refiling of the market design proposal, but in general FERC found that the GridFlorida proposal was consistent with Order No. 2000 and included appropriate provisions. In its Order, FERC required the GridFlorida Companies to make a compliance filing with the required changes by May 29. The GridFlorida Companies also were required to conduct meetings with other entities in the Southeast regarding seams issues and to report back to FERC regarding these meetings by May 14.

Q. What significant events occurred from the issuance of FERC's Order on March 28 to the meeting of the FPSC on May 29, 2001 at which the FPSC decided to investigate the prudence of the GridFlorida Companies' decision to participate in GridFlorida?

A. After FERC's Order, the GridFlorida Companies again had to gear up to make the next filing required by FERC. Since among other things FERC's order had

approved the proposed stakeholder Advisory Committee, the GridFlorida Companies took the steps necessary to establish the Advisory Committee, which could then take over the stakeholder collaborative process. A draft of the filing was distributed to all stakeholders and presented by the GridFlorida Companies to the Advisory Committee. The GridFlorida Companies also had meetings with Southern Companies and JEA to discuss seams issues, as directed by FERC and scheduled a June meeting with GridSouth.

At the same time, the GridFlorida Companies selected Accenture to perform a "Phase I study," in which necessary development activities could be identified and a time line and budget for GridFlorida development activities prepared. The selection of Accenture and the work that was performed is addressed in more detail in the testimony of Mr. Southwick.

In the meantime, on May 3, the FPSC's Staff issued its recommendation that the FPSC investigate the GridFlorida Companies' prudence in pursuing the GridFlorida proposal. When this recommendation was accepted by the FPSC, the GridFlorida Companies issued a statement saying that they did not believe that it was appropriate to continue expending substantial sums on GridFlorida development until the prudence issue was resolved. The GridFlorida Companies stated that they therefore would continue preparing their FERC compliance filing but otherwise were suspending development activities pending resolution of the instant proceedings.

On May 29, the GridFlorida Companies filed their compliance filing, which included all of the changes and additional detail required by FERC. On the same day, the FPSC considered at its meeting the GridFlorida Companies' petition to have the prudence issues severed from the general rate case issues in FPL's and FPC's rate cases and considered instead in a generic proceeding on a consolidated basis in an expedited proceeding. The FPSC decided not to sever the prudence issues or consolidate them, but did determine to address the prudence issues first in an expedited proceeding.

Q. What significant events occurred from May 29 forward?

A. As they had stated, the GridFlorida Companies for the most part suspended their development activities after making their compliance filing. However, the GridFlorida Companies listened to the complaints raised by the FPSC's Staff that the rate impacts of the GridFlorida proposal were difficult to quantify because no rate filings had yet been made. As a consequence, FPL and TECO went forward with the filing of their rate plans, which had been close to being finished at the time that development activities were suspended. FPL and TECO believed that their filings would assist the FPSC in their evaluation in these proceedings. The exact nature of the rate filings is addressed in more detail in the testimony of Mr. Ashburn.

Comments on the May 29 GridFlorida compliance filing were due on July 2. The GridFlorida Companies believed that their commitment to make the compliance filing included a commitment to defend that filing against any attacks. Therefore

they prepared and filed an answer to the comments on their Compliance Filing on July 17. Since that time, no GridFlorida development activities have occurred.

Finally, on July 12, 2001, FERC issued its notice announcing the commencement of FERC-directed mediation intended to lead to the formation of a single Southeastern RTO. The GridFlorida Companies were invited, but not required to participate. The GridFlorida Companies have been attending the mediation sessions, which started on July 17. Because the GridFlorida proposal is one of the most well-developed proposals submitted to FERC, many of the features of that proposal have been endorsed by the parties. The GridFlorida Companies have been asked by the FERC ALJ to submit, along with other parties including Entergy and the GridSouth applicants, a strawman proposal for the Southeastern RTO. Competing proposals also will be submitted, however, and the GridFlorida Companies do not know what proposal will ultimately result from the process. In any event, the GridFlorida Companies have not made any commitments to join a Southeastern RTO, pending the outcome of this proceeding and further direction from the FPSC.

VI. SUMMARY AND CONCLUSION

Q. Would you please summarize your conclusions?

A. Yes. There are two main points that I would like for the FPSC to take away from my testimony.

First, Order No. 2000 established a federal policy that all transmission owners join an RTO. Although Order No. 2000 stops short of mandating that every electric utility join an RTO, the GridFlorida Companies faced the substantial likelihood that, if they refused to affirmatively propose an RTO, they ultimately would be forced to do so by FERC, either directly or through ever increasing penalties. Thus, the choice faced by the GridFlorida Companies was not whether to join an RTO, but whether to affirmatively propose an RTO or else run the risk of being forced to do so later. Given the significant benefits of affirmatively developing and proposing their own RTO rather than being forced to join an RTO designed by out-of-state entities, it was appropriate and prudent for the GridFlorida Companies to have decided to develop their own GridFlorida proposal.

Second, Order No. 2000 left a number of alternatives available to the GridFlorida Companies. Their decision to propose a for-profit Transco that would own the transmission assets of FPL and TECO will result in an RTO that is independent but accountable, financially strong, and with sufficient incentives to provide reliable, efficient, innovative service. Again, I believe that the decisions made by the GridFlorida Companies are appropriate and prudent.

Q. Does that end your testimony?

A. Yes it does.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Florida Power Corporation's earnings, including effects of proposed acquisition of Florida Power Corporation by Carolina Power & Light.	Docket No. 000824-EI
In re: Review of Tampa Electric Company and impact of its participation in GridFlorida, a Florida Transmission Company, on TECO's retail ratepayers.	Docket No. 010577-EI
In re: Review of Florida Power & Light Company's proposed merger with Energy Corporation, the formation of a Florida transmission company ("Florida transco"), and their effect on FPL's retail rates.	Docket No. 001148-EI

GRIDFLORIDA RTO FORMATION DOCUMENTS

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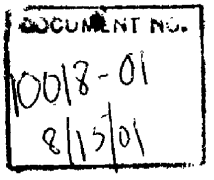
August 15, 2001



GRIDFLORIDA RTO FORMATION DOCUMENTS

AUGUST 15, 2001

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

GridFlorida LLC	)	**Docket No. RT01-67-001**
Florida Power & Light Company	)	
Florida Power Corporation	)	
Tampa Electric Company	)	

MAY 29, 2001
COMPLIANCE FILING OF
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FLORIDA POWER & LIGHT COMPANY
FLORIDA POWER CORPORATION AND
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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

GridFlorida LLC	)	
Florida Power & Light Company	)	**Docket No. RT01-67-001**
Florida Power Corporation	)	
Tampa Electric Company	)	

COMPLIANCE FILING

Pursuant to the Commission's March 28, 2001 Order provisionally approving the GridFlorida RTO proposal,[1] Florida Power & Light Co. ("FPL"), Florida Power Corporation ("FPC"), and Tampa Electric Co. ("TEC") (collectively, "the Applicants") hereby submit this Compliance Filing.

I. INTRODUCTION

Shortly before the date of this filing, the Florida Public Service Commission ("FPSC") initiated separate formal prudence investigations into the Applicants' participation in GridFlorida. The important and complex issues raised by the FPSC proceedings create uncertainty on several fronts, including the recovery of investments made by the Applicants to comply with Order No. 2000.[2] The Applicants are concerned that they will be caught in a situation where the FPSC and this Commission will reach different conclusions as to whether the Applicants should participate in GridFlorida. Because resolution of these jurisdictional issues is

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[1] GridFlorida, LLC, 94 FERC ¶ 61,363 (2001) ("Order").

[2] Regional Transmission Organizations, FERC Stats. & Regs. ¶ 31,089 (1999).

critical to the continued viability of GridFlorida, the Applicants have suspended their RTO development activities until the potential jurisdictional conflicts are resolved.

Furthermore, the stakeholder Board Selection Committee has decided to suspend the process whereby members of the independent Board of Directors are being selected. The Board Selection Committee determined that it would not be appropriate at this time to interview and attempt to select Board members. The uncertainty regarding GridFlorida's situation would necessarily affect the Board Selection Committee's ability to attract qualified candidates.

In addition, Accenture has been contracted by GridFlorida as a Project Manager to develop the Phase I Blueprint stage. The Blueprint stage, which will be completed in the near future, involves developing a time line and a start-up and operating budget for GridFlorida. The Applicants have decided not to go forward at this time with a Project Manager for the next phase of the project, which involves designing the organization and selecting solution providers to perform the tasks identified in Phase I.

Each of the Applicants remains prepared to implement GridFlorida, depending upon the resolution of the jurisdictional issues. The Applicants are committed to working with the FPSC and stakeholders to resolve the RTO issues as quickly as possible. However, the Applicants do not know how long it will take for the FPSC to conclude its investigation or exactly what the impact of that proceeding ultimately will be on GridFlorida development. Once the Applicants know more, they will file a report with the Commission and, depending on how the jurisdictional conflicts are resolved, the Applicants will submit a revised implementation schedule, including a proposed date for the commencement of GridFlorida operations.

In order to resolve the uncertainty quickly, the Applicants filed a motion at the FPSC to consolidate the separate FPSC investigations of the prudence of GridFlorida expenditures and to adopt expedited proceedings to conduct the investigation. A copy of this motion and a related supplemental motion are included as Attachment A to this filing. Argument before the FPSC is being presented on the date of this filing. The Applicants commit to keep the Commission informed of the FPSC proceedings by filing copies of the FPSC's orders and further relevant pleadings.

Notwithstanding the decision to suspend their development activities, the Applicants did expend the resources necessary to complete this Compliance Filing, as required by the Commission. The Flowgate Working Group has identified the proposed Flowgates. The Applicants have refiled their proposed Market Design, including mitigation measures to ensure that entities without market-based rate authority cannot recover more than their approved cost based rates. Other important details and modifications required by the Commission also are included in this filing.

The Applicants also have engaged in the meetings and negotiations required by the Commission's Order. Their May 14 Status Report detailed the meetings with entities in other regions regarding Scope and Seams issues. In addition, the Applicants have conducted meetings in which all interested public power entities in the FRCC have been invited to discuss ways that the GridFlorida proposal could be amended to enhance their ability to participate in GridFlorida. Included in this Compliance Filing are proposed revisions that resulted from those meetings.

Various other steps necessary to bring GridFlorida into operation also have been initiated. GridFlorida has been formed and managed on an interim basis by the Applicants in

compliance with the principles approved by the Commission in its Order.[3] The Advisory Committee has been formed and has held a number of meetings in which it has addressed GridFlorida development activities and this Compliance Filing.

The Applicants believe that this Compliance Filing represents an important step towards the establishment of GridFlorida. Below, they have provided a discussion of the most important changes and additions that they have made to their previous filings. Included in this filing (as Attachment F) is a matrix which describes how the Applicants have complied with each element of the Commission's Order, and also identifies other changes made as part of this filing.[4]

The Applicants continue to believe that the establishment of GridFlorida is an appropriate and prudent step for them to take. The Applicants request that the Commission issue an order approving this filing.

II. REPORT ON DISCUSSIONS WITH PUBLIC POWER ENTITIES

In its Order, the Commission directed the Applicants to continue discussions with interested parties regarding methods for participation by public power entities in GridFlorida "to seek ways to provide somewhat more flexibility for participation while also allowing GridFlorida to move forward, on a timely basis, consistent with GridFlorida's business model." Order, 94 FERC at 62,327. The Commission required the Applicants to include in their Compliance Filing a report on the results of these negotiations. Id. In response to the Commission's directive in this

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[3] Consistent with the Applicants' decision to suspend GridFlorida development, the interim managers of GridFlorida will not make significant development decisions during the interim period.

[4] To the extent that it is necessary, the Applicants request that these changes be approved pursuant to Sections 203 and 205 of the Federal Power Act.

regard, the Applicants issued invitations to all interested public power entities in the FRCC to participate in one of a series of meetings, and most entities participated in one or more of the meetings. Attachment B is a list of meetings that were held with public power entities located in the FRCC and the attendees at each meeting.

One of the subjects of the meetings was a proposal by the Applicants to amend the Participating Owners Management Agreement ("POMA") and the Limited Liability Company Operating Agreement ("LLC Agreement") to provide public power entities with greater protection from the risk that participation in GridFlorida will have adverse tax consequences, and to provide a right to require GridFlorida to purchase their qualifying transmission assets for cash ("put right") subject to certain limited restrictions. These proposals are discussed in more detail below.

The Applicants also opened the meetings to suggestions from the public power entities as to other changes that could be made to the GridFlorida proposal to accommodate their concerns about participation. At those meetings the Applicants solicited further submission of specific proposals to address the concerns raised at the meetings. A number of the public power entities took the Applicants up on this request and subsequently provided them with proposals for further changes. Furthermore, public power entities attended the Advisory Committee meetings at which the Applicants' Compliance Filing was addressed and suggestions for changes in the Compliance Filing were solicited.

The Applicants believe that their Compliance Filing addresses squarely the concerns raised by the public power entities and addressed in the Order. The Applicants listened to comments received at their meetings, and have modified the GridFlorida documents in

response to comments received from participants at those meetings. As described below, the Applicants have agreed to a substantial number of the requested changes. The Applicants therefore believe that the proposal presented herein represents a reasonable accommodation of the concerns that were raised and should permit public power entities to participate. The key provisions of the proposal are described below under the appropriate characteristic or function heading.

The primary areas where the Applicants have not reached an accommodation with public power entities relate to aspects of the GridFlorida proposal that the Commission already has found to be appropriate and where the proposal already provides an incentive for public power entities to join. For example, the GridFlorida rate proposal provides a significant incentive for public power entities to participate in the form of lower rates from depancaking and a phase-in of credits for their transmission facilities. Similarly, the reliability provisions require that GridFlorida expend considerable sums to improve reliability over existing levels. Some of the public power entities want even greater rate benefits and even more money expended on reliability improvements, but that does not detract from the fact that the GridFlorida proposal makes these entities better off than they would be without GridFlorida, and this should act as an incentive to participate.

Finally, the Applicants do not intend to end all discussion with respect to the requests that are not accommodated in this filing. Indeed, some of the requests were not included simply because the Applicants have not had enough time to think through all of the issues and make the necessary changes in the limited time afforded by the Commission to submit this filing. The Applicants intend to keep the door open to future discussions with public power entities so

as to maximize participation in GridFlorida.

III. INDEPENDENCE

A. INTERIM LLC DEVELOPMENT

The Commission's Order approved the Applicants' proposal to manage GridFlorida on an interim basis in order to perform the initial development work for GridFlorida. The Commission required, however, that certain GridFlorida development steps, such as the purchase of the software implementing market design, not be undertaken until the independent Board of Directors is "seated." Order, 94 FERC at 62,325.

The Applicants do not object to this requirement. There is a technical tax issue, however, related to the assumption of control by the Independent Board that the Applicants want to bring to the Commission's attention. As the Applicants explained in their October 15 filing, GridFlorida will be a limited liability company ("LLC"), and the managing member of GridFlorida that will exercise control over GridFlorida will be GF Inc. The Board of Directors that will be selected under the approved Board Selection process is the Board of GF Inc., not GridFlorida. This Board will control GridFlorida by virtue of their control over GF Inc., which will be the sole managing member of GridFlorida.

The Board members can be seated on the Board of GF Inc. at any time after they are selected. However, technical tax considerations preclude making GF Inc. the managing member of GridFlorida until after the divestiture of FPL's transmission assets to GridFlorida. Otherwise, FPL will be unable to treat the divestiture as a tax free spinoff. Thus, the documents that the Applicants filed with the Commission provided that GF Inc. will not become the managing member of GridFlorida until immediately after the divestiture, which will take place

when GridFlorida commences operations.

Nevertheless, the independent Board will have a key role in managing the development of GridFlorida prior to the commencement of operations. Florida law regarding limited liability companies permits the managers of an LLC to delegate management authority to non-members. In accordance with Florida law, the Applicants propose to enter into a management contract with GF Inc., once the independent Board is seated, that will give GF, Inc. the ability to review decisions made by the interim managers of GridFlorida with respect to four broad subject areas. No action may be taken by the GridFlorida managers in these areas unless GF Inc. approves. The four subject areas, which involve the key decisions that could affect GridFlorida operations after commercial operations, are as follows:

1. The acquisition of market design software;
2. The expenditure of funds by GridFlorida;
3. The location of facilities owned by GridFlorida;
4. The hiring of employees of GridFlorida

Giving GF Inc. authority over these issues resolves the independence concerns that the Commission has raised while still preserving the benefits of a tax free spinoff. The independent Board of GF Inc. will have to approve the purchase of software to implement market design, as specifically required by the Commission. Giving GF Inc. authority to approve all expenditures of funds allows it to control every other significant development decision of any consequence, and the right to approve the location of facilities and the hiring of employees covers any significant decision that control over the expenditure of funds does not. At the same time, since GF Inc. will not be the managing member of GridFlorida, the opportunity for a tax free spinoff remains.

The above proposal also allows for an appropriate transition of control from the Applicants to the independent Board, which in any event would not be capable of taking over development and operations of GridFlorida on the day after being seated. Including the Board in all significant management decisions while retaining the Applicants as managing members of GridFlorida prior to the commencement of operations will allow the Board to come up to speed and to be prepared to fully take over at the time that operations commence.

B. PUBLIC POWER PARTICIPATION

1. Protection From Tax Risk

One of the complaints regarding the GridFlorida proposal was that entities wishing to transfer operational control over transmission facilities financed with tax-exempt financing were required to transfer control to GridFlorida over all of their transmission facilities that are 69 kV and above, including facilities financed with tax-exempt financing. Public power entities asserted that the GridFlorida proposal exposed them to the risk that the IRS would rule that the transfer of control violated the restrictions of their tax-exempt financing. The Applicants' previous response to this complaint was that they have structured their proposal to minimize this risk, but that they would be willing to reopen negotiations in the event that an entity actually receives an adverse ruling by the IRS.

Notwithstanding that the Applicants structured their proposal to comply with IRS revenue rulings regarding other RTOs, the Applicants now are providing owners of tax exempt facilities even greater protection from risk of an adverse IRS ruling. The Applicants have amended Section 7.7.3 of the POMA to provide that a Participating Owner is not required to transfer operational control over a facility if, at the time it enters into the POMA, bond counsel is

unable to provide an unqualified opinion that such transfer would not adversely affect its tax-exempt status.[5] Although the Participating Owner is not required to make the transfer of any such facilities at the time of POMA execution, the Participating Owner is required to seek an IRS ruling that a transfer would not adversely affect its tax exempt status within 30 days. If the IRS grants such request, the Participating Owner would be required to transfer operational control at the time of the IRS ruling. Section 2.12(a) of the LLC Agreement has been amended in a similar manner to address transfers of control as well as ownership transfers for Member Interests in GridFlorida.

The concern was expressed that a favorable IRS ruling regarding the tax exempt status of a facility may be withdrawn at some point in the future. In order to address this concern, the Applicants modified Section 9.1 of the POMA, which already permits withdrawal of a portion of a PO's facilities for any reason upon 12 months' notice, to provide that 12 months' notice is not required to withdraw specific facilities in the event that a favorable IRS ruling regarding those facilities is withdrawn. A Participating Owner will not be excused, however, from obtaining any necessary regulatory approvals for such a withdrawal.

In summary, the Applicants' proposal allows owners of tax-exempt facilities to keep their facilities out of GridFlorida as the default result pending an IRS ruling. This should eliminate any risk that participation in GridFlorida will cause their facilities to lose their tax-exempt status.

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[5] Any facilities that are withheld from GridFlorida's operational control will be subject to the Agency Agreement. As specified in Section 7.10 of the POMA, the Agency Agreement allows GridFlorida to arrange for transmission service on facilities that are not transferred to GridFlorida.

2. **Cash Put Right**

A second complaint that public power entities raised related to the option to divest their transmission facilities to GridFlorida. As initially proposed by the Applicants, GridFlorida is obligated for a six month period to acquire transmission facilities at net book value in exchange for Member Interests in GridFlorida. Although GridFlorida also would be permitted to pay cash for transmission facilities if it so desired, the Applicants did not obligate GridFlorida to do so. The Applicants believed that it would be inappropriate to put an obligation on GridFlorida to pay cash for facilities when there might be more pressing needs for such cash, including financing the maintenance or expansion of transmission facilities.

Public power entities, however, wanted to have the right to require GridFlorida to pay them cash for their transmission facilities. It is not clear whether a public power entity would have the legal right to own a membership interest in a private, for-profit entity such as GridFlorida, so the option to divest their transmission facilities to GridFlorida might not be available to them unless they are able to sell for cash.

In order to address this concern, the Applicants have amended Section 2.12 of the LLC Agreement to grant a put right for cash for the same six month period of time currently included in the Agreement. That is, an entity wishing to transfer ownership of its assets to GridFlorida now will have the option to do so for either Member Interests or cash. The only time GridFlorida can refuse to purchase assets for cash, rather than Member Interests, is if GF Inc. reasonably determines that (i) such acquisition for cash will adversely impact the ability of GridFlorida to maintain an investment grade rating, (ii) GridFlorida will be unable to secure financing to acquire such facilities for cash on reasonably satisfactory terms, (iii) such acquisi-

tion for cash will adversely impact GridFlorida's ability to pay for the operations of the transmission system reliably or efficiently, (iv) such acquisition for cash will adversely impact GridFlorida's ability to satisfy its other payment obligations, or (v) such acquisition for cash will materially impair GF Inc.'s ability to complete a public offering of its securities.

This proposal is intended to balance the competing concerns. On the one hand, it protects GridFlorida from having to pay cash for transmission facilities when there are legitimate reasons not to do so. On the other hand, GridFlorida does not have unlimited discretion and is obligated to pay cash for facilities when it is able to do so. While this is not the absolute put right that some public power entities requested, it does represent a reasonable accommodation of their concerns.

C. DEFINITION OF MARKET CLASSES

1. Description of Market Classes

As part of its discussion of the treatment of Financial Institutions, the Commission directed the Applicants to propose the possible classes of market participants. Order, 94 FERC at 62,330-31. In response, the Applicants have revised the Articles of Incorporation to reflect four classes of market participants, as follows (listed by ranking): (i) owners of transmission facilities, including those that own distribution facilities or generation facilities; (ii) owners of distribution facilities, including those that own generation facilities; (iii) owners of generation facilities that do not own transmission facilities or distribution facilities; and (iv) marketers and brokers. A Financial Institution will be included in only one class of market participant; to the extent a Financial Institution qualifies for more than one defined class, such entity shall be included only in the higher ranked class.

In determining these classes, the Applicants relied for guidance on the categories of representation reflected in the Advisory Committee. Those classes are: (i) investor owned utilities that are, or as of September 1, 2000 were, owners of transmission facilities in the markets served by GridFlorida; (ii) electric utilities that distribute electricity at retail in the markets served by GridFlorida; (iii) generation and transmission cooperatives and municipal joint action agencies that sell electricity at wholesale in the markets served by GridFlorida; (iv) entities that own or are developing generation facilities whose output will be delivered over facilities owned or controlled by GridFlorida; (v) power marketers and brokers; and (vi) governmental or non-profit organizations that are not utilities, represent end-use consumers' economic or environmental interests and are located within the geographic region in which GridFlorida provides transmission service.

The Applicants did not include governmental or non-profit organizations because such entities are not market participants. Also, unlike for the Advisory Committee, the Applicants do not propose to distinguish between different classes of transmission owners. This is consistent with the Commission's directive that classes should be defined broadly, so that class caps will not be bypassed. See Order No. 2000, FERC Stats. & Regs. ¶ 31,089 at 31,072.

This sector-based classification is logical, fair and practical. As noted, the approach here is consistent with the stakeholder groups established for the Advisory Committee, which the Commission approved in the Order. Each class of market participant will consist of entities that have common economic or commercial interests, see 18 C.F.R. § 35.34(b)(4) (defining Class of Market Participants), and, as noted, classes are defined broadly.

2. Five-Year Limit on Active Ownership

After requiring the Applicants to define the classes of market participants, the Commission advised the Applicants that Order No. 2000 limits ownership of voting securities by market participants to five years. The Commission stated that "[a]ny extension of this period for active ownership by market participants will require that Applicants file for waiver of the requirement and offer justification for the requested extension." Order, 94 FERC at 62,331.

The Applicants did not understand this statement to require any modifications to the GridFlorida documents or a request for a waiver at this time. Rather, the Applicants expect that GridFlorida and/or any Financial Institution deemed to be a market participant can make a request for a waiver of the five-year limit at the appropriate time in the future, if they believe that such a waiver is necessary.

D. PASSIVE OWNERSHIP RIGHTS

In its Order, the Commission required the Applicants to modify the passive owners' voting rights with respect to a proposed merger or consolidation of GridFlorida. The Commission required that

> [I]f a passive owner is dissatisfied with a merger or consolidation decision by the independent Board, it must come to the Commission and affirmatively demonstrate that the proposed merger or consolidation would adversely impact the integrity of its investment.

Order, 94 FERC at 62,332. Consistent with this requirement, the Applicants have made the necessary changes to Section 8.5 of the LLC Agreement and Section VI.D of the GF Inc. Articles of Incorporation.

E. LIABILITY PROVISIONS INCLUDED IN THE PARTICIPATING OWNERS MANAGEMENT AGREEMENT

In its Order, the Commission required the removal of Sections 11.3 and 11.4 of the POMA, which allocated the risk of liability between GridFlorida and Participating Owners. Order, 94 FERC at 62,334. The Applicants have requested rehearing of this ruling. As explained in their rehearing request, the precedent relied upon by the Commission to support this ruling relates to liability provisions added to transmission tariffs, not to agreements such as the POMA. The Commission's ruling makes it impossible for parties to allocate among themselves the risk of RTO participation, instead leaving this critical issue to the interpretation of state law.

As a consequence, the Applicants have not at this time removed Sections 11.3 and 11.4 from the POMA. The Applicants instead will wait for the Commission's ruling on their rehearing request and make any necessary changes at that time. Since no party will execute the POMA prior to the Commission's ruling, no harm will result from waiting for the Commission's final ruling on this issue.

F. OTHER PROPOSED CHANGES TO THE POMA

The Applicants have discussed with public power entities certain other changes that they have proposed to the POMA. The Applicants' proposed response to these requested changes is described below.

1. Approval of Public Power Revenue Requirements

As agreed to with Florida Municipal Power Agency ("FMPA"), the Applicants have amended Section 8.3 of the POMA to clarify that revenue requirements and other amounts to be collected by GridFlorida under its rate schedules on behalf of a Participating Owner must

be approved, accepted or otherwise made effective by the Commission.[6]

2. Transfer of Rights to GridFlorida

FMPA and Seminole Electric Cooperative, Inc. ("Seminole") requested the Applicants to clarify the universe of rights to be transferred to GridFlorida under the POMA and in connection with the transfer of ownership of transmission facilities. The POMA already defines the set of rights transferred to GridFlorida in connection with participation as a PO. As to the specific suggestion to provide further detail with regard to a PO's implicit obligation to not unreasonably withhold consent to GridFlorida's increased utilization of their retained right-of-way, the Applicants submit that such details should be deferred until the negotiation of final details of the POMA to be signed by each prospective PO.

Similarly, the detailed set of rights to be transferred by a Divesting Owner that divests its transmission facilities to GridFlorida will be finalized by GridFlorida and the Divesting Owner at such time that a TO offers its facilities to GridFlorida in exchange for a Member Interest in the RTO. At this point in time, TEC and FPL are the only entities that have decided to divest their transmission facilities to GridFlorida. Contribution agreements covering the divestiture of TEC and FPL transmission facilities will be distributed to the GridFlorida Advisory Committee and will be filed with and reviewed by the Commission. Thus, other entities that are considering divesting their transmission facilities will have ample opportunity to review the set of rights transferred to GridFlorida under contribution agreements.

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[6] A similar change has been made to Section 12B of the Open Access Transmission Tariff ("OATT").

IV. SCOPE

In its Order, the Commission held that the Applicants had not justified the proposed 200% charge for use of GridFlorida's facilities by nonparticipants. The Commission, however, did not reject charging non-participants a higher amount than participants. The Commission suggested that "one appropriate method may be to withhold the benefits of non-pancaked rates for such entities." Order, 94 FERC at 62,337.

Consistent with the Commission's requirement, the Applicants have eliminated the 200% penalty. Instead, they have adopted the suggestion that non-participants continue to pay pancaked rates. When the customer uses two or more Transmission Rate Zones, its charges will be based on the charges applicable to the Zone in which the source or Point of Receipt is located and the charges applicable to the Zone in which the sink or Point of Delivery is located. As the Commission indicated in Order No. 2000, maintaining rate pancaking for non-participants is reasonable. Order No. 2000, FERC Stats. & Regs. ¶ 31,089 at 31,180. Further, with regard to the number of transmission access charges it is subject to, a nonparticipant will be no worse off than it was prior to the establishment of GridFlorida, and may even be better off. If a nonparticipant is utilizing facilities that today would result in more than two transmission charges, that entity will be subject only to two such charges under the Applicants' proposal, which is less than it would have paid in the absence of GridFlorida.

V. OPERATIONAL AUTHORITY

A. AGREEMENT WITH FRCC

The GridFlorida proposal provides that the FRCC will perform certain functions in coordination with GridFlorida. The Commission found that "[i]t is not clear whether GridFlorida has established an understanding with FRCC as to the necessary functions and timetable for their completion." Order, 94 FERC at 62,334. The Commission therefore ordered the Applicants to state whether they have reached such an agreement with the FRCC.

The Applicants in fact had reached an oral understanding with the FRCC Staff during the collaborative process, in which the FRCC Staff participated. Since the issuance of the Commission's Order, the Applicants and the FRCC have discussed entering into a Memorandum of Understanding ("MOU") describing the FRCC's responsibilities. The FRCC Staff presented a draft MOU that it had prepared to the Advisory Committee on April 30, and copies of this draft were provided to the Advisory Committee members on May 1. The Applicants also have given their comments on the MOU to the FRCC Staff. The Applicants understand that a draft of the MOU will be presented to the FRCC members in the near future for their consideration. Once the MOU is executed, the Applicants will file it with the Commission.

B. CLARIFICATION OF AUTHORITY TRANSFERRED TO GRIDFLORIDA

One of the issues raised by a number of public power entities during the meetings held by the Applicants regarding public power participation was a concern about better defining the operational authority over their facilities that would be transferred to GridFlorida. In response to these concerns, the Applicants have made the following changes to Attachments N

(Planning Protocol) and O (Operating Protocol) of the GridFlorida OATT and to the POMA.

1. **Enhanced Facilities** – Three changes have been made to Attachment N to permit the construction of facilities that a transmission customer may want that GridFlorida does not believe are necessary. First, Section I.B.c has been revised to permit a customer to require that a Point of Delivery be located at a specific point, provided that there are no adverse impacts on reliability and the customer is willing to pay the difference in costs between the construction it requests and the alternative GridFlorida otherwise would have selected. Second, a number of revisions have been made to Section I.E, which permits the construction of enhanced facilities that GridFlorida otherwise would not have constructed. These changes make clear that enhanced facilities may be constructed for any reason, provided that there is no impact on reliability and the transmission customer is willing to pay the incremental costs. Third, a new Section I.F has been added which permits a customer to perform the construction of certain facilities itself under procedures designed to ensure that there will be no adverse impact on the reliability of the transmission system.

2. **Local Government Police Powers** – A new Section I.I has been added to Attachment O to provide that municipal entities do not waive their local governmental police powers by participating in GridFlorida as a Participating Owner or a Divesting Owner.

3. **Coordinated Scheduling of Distribution and Transmission Maintenance** – Section III.B of the Operating Protocol has been revised to require GridFlorida to develop standards for the coordinated scheduling of distribution and transmission maintenance, such that the costs incurred by the entity maintaining the distribution system will be taken into account in developing an appropriate transmission maintenance schedule.

4. **Rights to Add Non-Transmission Facilities on Rights-of-Way** – Section 7.8 of the POMA has been revised to provide that Participating Owners may add non-transmission facilities on transmission rights-of-way and attach non-transmission facilities to transmission poles or other structures, provided that there is no adverse impact on the reliability of the Transmission System and that the operation of the non-transmission system facilities are operated subordinate to GridFlorida's rights to place the associated transmission facilities in or out of service.

VI. SHORT-TERM RELIABILITY

The Commission recognized that the filed GridFlorida reliability standards are appropriate for maintaining and improving transmission system reliability. The Commission also recognized, however, that "[t]he maintenance of a high level of reliability is a desirable goal for transmission and distribution systems," Order, 94 FERC at 62,343, and noted that it may be appropriate for participants to be able to request a higher level of reliability from GridFlorida, as long as they agree to pay the incremental costs associated with attaining that enhanced level of reliability.

The Applicants agree with the Commission and observe that Section 1.E of the Planning Protocol already allows a Transmission Customer to request enhanced or special facilities, including an alternate Point of Delivery other than those facilities that GridFlorida would identify as necessary as part of the planning process. Nonetheless, the Applicants also have made additions and revisions to the Planning and Operating Protocols to reflect that any Transmission Customer, which includes a Load Serving Entity ("LSE") or a Participating Owner, should be free to request higher standards in the design, construction, operation and/or maintenance of transmission facilities in order to provide an enhanced level of reliability, provided it assumes the attendant additional cost responsibility.[7]

VII. TARIFF ADMINISTRATION

A. COMPETITIVE POWER VENTURES PROPOSALS FOR GENERATION INTERCONNECTION SERVICE ("GIS")

The Commission required the Applicants to address Competitive Power Ventures' ("CPV") five suggestions relating to queue priority procedures and to provide support for the Applicants' decisions on the various proposals.[8] Each of the five suggestions is addressed below in turn.

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[7] In particular, the Applicants have added a new Section I.G.3 to the Planning Protocol and modified Sections II.A.9 and II.B.5. They also have added a new Section III.B.3 to the Operating Protocol and revised Sections I.F and III.A.5.

[8] To assist in developing a response to CPV's suggestions, the Applicants solicited comments from interested parties by placing a notice on the GridFlorida website exploder. One such comment was received, and was considered in developing this response.

1. Demonstration That Project Is "Permittable" at Time of Execution of Facilities Study Agreement

CPV recommended that an applicant be required to demonstrate at the time that it executes a Facilities Study Agreement that it has begun any required permitting process or that the given project is "permittable" under current law within the timeframe proposed for the project. Order, 94 FERC at 62,345. The current GIS procedures require that, prior to tender of a draft Interconnection Agreement, a GIS Customer must, among other things, demonstrate to the Transmission Provider that it "[h]as or is in the process of obtaining necessary federal, state and local regulatory and permitting requirements."

CPV's suggestion would move this requirement forward to the time when the Facilities Study Agreement is executed. Such a requirement, together with an alternative requirement to demonstrate that the project is permittable under current law within the timeframe proposed for interconnection would require a developer to begin the permitting process or demonstrate that it was eligible for permitting before it would know, with precision, all of the facilities that would be required, including, potentially, generator-related facilities for which the developer would be responsible.

As a result, it may be impracticable to provide the level of assurance that the project could be built that the suggestion appears to seek. In addition, the requirement does not permit developers to assume a regulatory risk which they may be willing to take (for example, the potential that state law may change so as to permit certain types of generation facilities to be built in Florida). As a consequence, the Applicants believe that the CPV suggestion may not accomplish its purpose in any event and may require projects to be dropped from the study queue

prematurely. Thus, the Applicants are not persuaded that such a requirement should be adopted at this time.

2. Election of Which Projects Ahead in the Queue Are Studied

CPV suggested that a GIS Customer have the option to select which projects ahead of it in the study queue are included in the base case for its System Impact Study, as long as the customer is willing to take the risk that it may be required to restudy the interconnection and possibly undertake additional facility construction if projects excluded from the study are built. The Applicants have reviewed CPV's request, as well as a procedure previously adopted for this purpose by the New England Power Pool, and believe that providing an applicant with the flexibility to exclude certain projects ahead of it in the queue, in fact, may serve to provide the customer with an expedited study. The Applicants intend to develop an "Expedited Procedure for Generation Interconnection Service" ("EGIS"), which would be posted prior to commencement of GridFlorida operations. Once such procedure is completed, the Applicants would propose an amendment to the GridFlorida OATT to incorporate a right to seek EGIS. The general principles for development of this EGIS are attached as Attachment C.

3. Construction Sequencing

CPV also proposed the development of a procedure that would allow a project with an earlier in-service date to proceed with construction ahead of a project ahead of it in the study queue. Such a procedure would assign cost responsibility between the project with the earlier in-service date and the project or projects with a higher queue priority. The Applicants have reviewed CPV's suggestion, and believe that such a procedure is necessary to address the issues that are likely to arise when project schedules do not match the study queue priority. As a

result, the Applicants have begun developing the framework for such a procedure, the principles for which are set forth in Attachment D. The Applicants intend to work to develop such a procedure to be available for application prior to the commencement of GridFlorida operations.

4. Elimination of Fuel Delivery Arrangements as a Queue Requirement

CPV argued that requiring an applicant, under the terms of an interconnection agreement, to meet specified milestones for obtaining fuel supply contracts and fuel delivery arrangements required for meeting the project's in-service date, would discriminate against merchant generators that typically do not commit to fuel supply arrangements prior to entering into power supply agreements. The Applicants believe that while it is necessary that fuel delivery systems be in place for start-up and milestones for obtaining and completing such systems should be included in the interconnection agreement, the same is not true with respect to contracts for actual supply of fuel. In this respect the Applicants agree with CPV. Indeed, the Applicants have previously stated that CPV's position on this matter is reasonable and consistent with the Applicants' intent in drafting the Procedures.[9] Therefore, the Applicants will revise Section 44.4 to delete the reference to "fuel supply contracts."

5. Posting of Additional Information About GIS Customer Projects on the GridFlorida OASIS

In its March 28th Order, the Commission stated that CPV "maintained that additional information about generators in the queue should be posted on GridFlorida's OASIS and thereby made available to other affected projects in the queue, including at minimum, the

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[9] Answer of Florida Power & Light Company, Florida Power Corporation and Tampa Electric Company, in Docket No. RT01-67-000, dated February 16, 2001, at 87.

number of generators, the size of each generator and the applicable in-service date." Order, 94 FERC at 62,345. Although CPV requested disclosure of such information in order to "assist projects lower in the queue in planning the interconnection of their projects," CPV sought the disclosure of such information to other affected projects in the queue, subject to appropriate confidentiality agreements limiting the use of the information to interconnection purposes, rather than posting of the information on the GridFlorida OASIS.

The Applicants agree that posting of the in-service date of the project is reasonable, and will propose to so amend Section 39.5 of the GridFlorida OATT. The Applicants do not believe it is appropriate to post either the number of units or the size of units. Such information may potentially be of commercial value to competitors, and could be used to deduce commercially sensitive information. However, the Applicants point out that, once completed, Feasibility Studies and Facilities Studies will be made available, in accordance with 18 C.F.R. § 37.6(b)(2)(iii).

B. COMMENCEMENT OF CONSTRUCTION BY GIS CUSTOMER

In the Order, the Commission responded to concerns that GIS customers may not be able to meet their targeted in-service dates if certain activities with long lead times are not started prior to the execution of an interconnection agreement. The Commission instructed GridFlorida to modify its procedures to allow a GIS customer "the option of early commencement of engineering, design, procurement, or construction activities prior to execution of an interconnection agreement, if it is willing to assume the risk."

In light of the Commission's instruction, the Applicants have added a new Section 44.6, "Optional Reimbursement Agreement For Accelerated Treatment Of Proposed Facilities."

This new section permits the commencement of construction by a GIS customer. It also provides for the payment by such a GIS customer of costs associated with its construction.

C. RETENTION OF 25% OF SHORT-TERM REVENUES

The GridFlorida proposal included a provision that called for GridFlorida to retain 25% of the short-term and non-firm revenues as an incentive to maximize system throughput. The Commission found that this provision had not been justified. Order, 94 FERC at 62,348. The Applicants therefore have deleted this provision.

D. RATE DESIGN MORATORIUM

Section 12C of the GridFlorida OATT provides that the central elements of the Applicants' cost shift mitigation plan (e.g., zonal rates and crediting of Transmission Dependent Utility ("TDU") facilities) shall not be modified absent a finding that they are contrary to the public interest. The Commission approved the cost shift mitigation plan, but found that Section 12C was inconsistent with Order No. 2000's requirement that the RTO "be able to make changes in rate design on an ongoing basis once it begins its operations." Order, 94 FERC at 62,351.

The Compliance Filing implements this finding by clarifying, in a revised Section 12C, that nothing in the cost shift mitigation plan approved by the Commission "restrict[s] the Transmission Provider in the exercise of its unilateral right to propose changes in rate design under Section 205 of the Federal Power Act." OATT, § 12C. To give meaning to the mitigation plan approved by the Commission, however, revised Section 12C also provides that "if, during the ten-year phase-in period, GridFlorida proposes a change in [the list of Transmission Rate Zones, the methodology for crediting TDU facilities, the methodology for phasing-out zonal transmission charges, and the methodology for phasing out pancaking] that would materially

affect the relative balance of benefits and burdens reflected in the cost shift mitigation plan approved in the March 28, 2001 Order, GridFlorida shall, as part of that proposed change in rate design, propose an alternative mechanism, such as revenue distribution, for maintaining the relative balance of benefits and burdens set forth in the mitigation plan." Id.

The revised Section 12C therefore ensures that GridFlorida will have unilateral authority to propose changes in rate design, while also giving meaning to the Commission's approval of the ten-year cost shift mitigation plan that is an important foundation upon which the Applicants agreed to form GridFlorida.

E. FORMULAS FOR GRID MANAGEMENT CHARGE AND NEW TRANSMISSION INVESTMENT

The Commission directed the Applicants to work with the parties to develop a formula for calculating the Grid Management Charge ("GMC") and to file this formula as part of its Compliance Filing. Order, 94 FERC at 62,351-52. The Applicants have amended Schedule 10 of the OATT to include a formula for the GMC, which is consistent with the description included in the Applicants' December filing. As the Commission already has concluded, the types of costs included in the formula are consistent with the types of costs the Commission expects an RTO to incur. See id. Further, consistent with the Commission's prior determination, specific Start-Up Costs will require Commission approval (while those costs that are Administrative Costs and related to market monitoring, and revenue credits applied to the GMC, will not). Consistent with base transmission rates, the GMC will be calculated based on projected costs and billing determinants, and trued-up at the end of each year.

The transmission tariff also includes a formula for GridFlorida's New Transmis-

sion Investment Revenue Requirement ("NTIRR"), included as new Attachment I-1. While the Commission did not specifically require that this formulas be filed, it did require the filing of the GMC. The formula for the NTIRR is being added to the OATT at this time because it and the GMC formula work together. That is, the allocations of Administrative & General costs and Operations & Maintenance costs within the formulas operate together to ensure that there is no double recovery of costs. Finally, the formula for Scheduling, System Control and Dispatch Service has been included in Schedule 1. This formula closely tracks the description of costs previously included in Schedule 1, with the treatment of revenue credits clarified in light of the OATT's transmission pricing methodology.[10]

The GMC and NTIRR include loaders and return on common equity components that will be filed in the future.

F. DEFINITION OF DIRECT ASSIGNMENT FACILITIES

Seminole has requested that the Applicants refine the definition of Direct Assignment Facilities in Section 1.10 of the GridFlorida OATT to make clear that all newly-constructed facilities will be rolled-in if they are constructed as part of the GridFlorida planning process and are included in the Transmission System. This is part of the rate proposal, and the Applicants have made the requested change. The Applicants also have made a conforming change to Section 34.1 of the GridFlorida OATT.

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[10] If the Commission deems that these are not formally part of the Compliance Filing, these formulas should be noticed under Section 205 of the Federal Power Act.

G. JOINT PLANNING PRIOR TO GRIDFLORIDA OPERATIONS

The Applicants wish to notify the Commission that, prior to GridFlorida operations, they intend to undertake a joint System Impact Study in association with transmission service requests that, due to their locations on the respective transmission systems, affect the systems of all three Applicants. The Applicants proposed this approach, and all relevant parties agree that it is the most efficient and timely way to evaluate these requests. The Applicants will perform such joint studies, where appropriate, even though they have suspended GridFlorida development activities.

VIII. CONGESTION MANAGEMENT

A. FLOWGATES

The GridFlorida proposal included a well-developed Physical Transmission Rights ("PTR") proposal. However, at the time of the December 15 filing, the Applicants had not yet defined the location of the Flowgates or congestion zones or determined the amount of PTRs available at the various Flowgates. This task was being performed by a Flowgate Working Group ("FWG") that includes all interested stakeholders. The Commission approved the Flowgate proposal, but required that the results of the FWG be included in this Compliance Filing. If this work was not complete, the Commission ordered the Applicants to file an interim congestion management proposal. Order, 94 FERC at 62,352.

The necessary technical work now has been largely completed by the FWG and the Applicants are including as Attachment E the FWG's summary of their work that was presented to the Advisory Committee. As detailed in that summary, the FWG has identified three Flowgates that are internal to GridFlorida. These Flowgates are identified on Attachment

P-1 of Attachment P. In addition, there are Flowgates located at two external interfaces with other entities: (1) the interface with the Southern Companies; and (2) the interface with Jacksonville Electric Authority ("JEA").[11] Again, these two Flowgates are listed on Attachment P-1.

A second task assigned to the FWG was to determine the amount of PTRs that can be awarded at each Flowgate, and the appropriate assignment of PTRs to existing customers in accordance with the congestion management proposal. The FWG performed this task by determining the amount of PTRs that are available at six different load levels, from 50% to 100% of capacity. The result of their work is summarized in the presentation to the Advisory Committee included in Attachment E.

The advantage to using the six different load levels is that it allows more PTRs to be awarded at each load level than if PTRs had to be awarded that could provide for the firm transmission of power at all load levels. However, one of the comments made by stakeholders during the FWG presentation of the summary of its work to the Advisory Committee is that use of numerous load levels to define PTRs could present implementation complexities. For example, it may be difficult in some circumstances to determine in June what load levels would

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[11] External interfaces with non-participants will either be treated as Flowgates or as scheduling points. To date, the FWG has examined only the external interfaces with the two entities that have affirmatively stated that they do not intend to join GridFlorida – Southern Companies and JEA. As described in their May 14 Compliance Filing, the Applicants are continuing their discussions with JEA regarding its participation. The need for Flowgates at external interfaces with other entities located in the FRCC will be considered if and when such entities make a public statement that they do not intend to participate in GridFlorida.

apply for a transaction in September and thus what PTRs would be needed for such transaction.

The Applicants believe that this comment has considerable merit, and therefore they have decided to adopt a simpler approach by using peak and off-peak and seasonal PTRs that would apply during pre-defined periods. For example, if the peak period was defined as all weekdays between 10 and 4, and the summer period as May through October, a transmission customer would need to purchase summer peak PTRs to engage in a transaction on a weekday in July from 10 am to 2 pm. This approach is considerably less complex yet still allows GridFlorida to issue a greater number of PTRs. The exact periods for defining the PTRs will be determined and filed in the future.

Because the Applicants have decided to follow a somewhat different approach than that taken by the FWG, the Applicants cannot show exactly how many PTRs will be issued at each Flowgate. Nevertheless, the information provided in the FWG summary attached as Attachment E, which is broken down by load levels, presents a reasonable approximation of the results under the seasonal-peak/offpeak approach proposed by the Applicants. The FWG summary therefore provides information necessary for the Commission to evaluate the reasonableness of the PTR proposal.

The Commission also required the Applicants to make changes to the GridFlorida OATT to implement the work of the FWG. Order, 94 FERC at 62,354. The Applicants have made the necessary changes to Attachment P to the GridFlorida OATT. Those changes provide further definition of Flowgates, the methodology for determining the number of PTRs on Flowgates, the methodology for allocating PTRs, lists the Flowgates and provides that the PTR allocations will be posted on the GridFlorida OASIS.

B. CONGESTION ZONES

A third task assigned to the FWG was the determination of congestion zones. However, given the relatively few number of internal Flowgates, the FWG was unable to determine such zones. There simply was no way to establish such zones based on the data that they possessed.

Nevertheless, the Applicants continue to believe that zones should be established for settlement purposes. One of the principle functions of the congestion zones was to establish locations where intrazonal congestion should be allocated. The Applicants have agreed that such congestion costs should not be spread to all GridFlorida customers.

As a consequence, the Applicants have established "Settlement Zones" equal to their current service areas. These zones are used to allocate intrazonal congestion and also are used to determine the zonal balancing energy price paid by load imbalances, as described below. The Applicants believe that use of the existing service areas represents a reasonable starting point, with the expectation that GridFlorida could redraw the zones as operational experience indicates that different boundaries would be more appropriate.

C. NEXT-DAY BUY THROUGH SERVICE

In the December 15 filing, the Applicants included in OATT Attachment P a new "Next-Day Buy Through Service." This service was proposed fairly late in the process and therefore had not been subjected to the same level of stakeholder review as other parts of the GridFlorida congestion management proposal. As a consequence, a number of questions about the service were raised in the comments filed by the stakeholders.

In its Order, the Commission noted that Next-Day Buy Through Service will help

customers obtain service, and thus approved the service in concept. However, the Commission acknowledged the numerous questions that had been raised regarding the proposal. The Commission therefore required the Applicants to provide more detail in their compliance filing. The Commission also encouraged the parties to explore refinements to the service. Order, 94 FERC at 62,354.

As part of their efforts to comply with the Commission's Order, the Applicants made a presentation to the Advisory Committee in which they explained the purposes and mechanics of Next-Day Buy Through Service and answered questions from stakeholders raised at the meeting. As they explained at that meeting, the GridFlorida congestion management proposal is a physical rights proposal in which a transmission customer must obtain physical rights to transmission capacity in order to engage in a transmission transaction. For that part of a transaction that requires the use of a facility that is subject to commercially significant congestion, i.e. a Flowgate, the customer must obtain a PTR. For that part of the transaction that requires the use of any other transmission facility, the customer must obtain a transmission reservation under essentially the same rules that apply under Order No. 888.

The Applicants recognized that strict adherence to a physical rights system could favor the holders of those physical rights, and prevent other market participants from engaging in transactions. In order to address this concern, the Applicants provided a process where a customer could obtain physical rights by agreeing to pay for whatever redispatch is necessary to enable its transaction to be completed. The product that represents this ability to engage in additional transactions over Flowgates is called a NPTR (nonfirm PTR), and the product that represents the ability to engage in additional transactions over non-Flowgate facilities is called

Next-Day Buy Through Service.

The mechanics for obtaining NPTRs and Next-Day Buy Through Service are almost identical. The only substantive difference between the two products is, as described above, that NPTRs apply to Flowgates and Next-Day Buy Through Service applies to non-Flowgate facilities. A further explanation of the mechanics of these two services that is intended to address the questions raised by stakeholders appears in the next section.

In addition, certain modifications, including modifications in response to comments from stakeholders, have been made to Attachment P to make additional clarifications about Next-Day Buy Through Service that do not apply to NPTRs. The most significant of these relates to the relative priorities of Next-Day Buy Through Service, Network Secondary Service and Nonfirm Service. Seminole and FMPA have expressed the concern that they could lose the priorities that they currently enjoy as Network Customers for their Secondary Service. In response, the Applicants have made a change that largely addresses that concern.

The definition of Next-Day Buy Through Service has been changed so that it will not take priority over either Secondary Service or Nonfirm Service when it comes to allocating Available Transmission Capability ("ATC"). Section 4.3 of Attachment P has been clarified to provide that Next-Day Buy Through Service "shall be available from transmission capability on Non-Flowgate Facilities in excess of that needed for reliable service under Parts II and III of the Tariff, and through redispatch." In other words, available transmission capacity is allocated to Nonfirm and Secondary Service before it is allocated to Next-Day Buy Through Service.

This is illustrated in an example where there is 300 MW of ATC after all firm reservations have been satisfied, and there are requests for 200 MW of Secondary Service, 200

MW of Nonfirm Service, and 100 MW of Next-Day Buy Through Service. In that circumstance, GridFlorida first would award 300 MW of Secondary and Nonfirm Service, up to the ATC. GridFlorida then would determine whether it could redispatch generation in such a way to provide 100 MW of Next-Day Buy Through Service and, assuming that it could at the price specified in the bids, GridFlorida also would award the 100 MW of Next-Day Buy Through Service.

The essential point is that the granting of the Next-Day Buy Through Service has absolutely no impact on the amount of Secondary Service and Nonfirm Service that could be awarded by GridFlorida. Since there is 300 MW of ATC, GridFlorida can award 300 MW of Secondary and Nonfirm, whether or not there is a request for Next-Day Buy Through Service.

Where Next-Day Buy Through Service has a priority is in real-time curtailments. If, after the Next-Day Buy Through Service is confirmed, operational conditions change unexpectedly and not all scheduled service can flow, Nonfirm Service would be curtailed first, followed by Secondary Service, followed by Next-Day Buy Through Service, followed by Network and Firm Service. This is only fair, since the purchasers of Next-Day Buy Through Service have paid for redispatch intended to make capacity available. However, since Next-Day Buy Through Service is confirmed only one half hour before real time, there should not be many instances where curtailments occur in real time.

Other clarifications also have been provided. These are as follows:

- Attachment P has been amended to make clear that Network Customers using Next-Day Buy Through Service are not subject to an additional transmission access charge for such service. Point-to-point customers, on the other hand, must pay an access charge, based on the location of the Point of Receipt.

- Service can be requested for one or more hours of a day. Thus, for example, a Scheduling Coordinator can request service for hours 1300, 1600, and 1900 if that is the only service the Scheduling Coordinator needs.

- Similarly, service will be accepted on an hourly basis. The Scheduling Coordinator above may be granted service only in hours 1600 and 1900.

D. MECHANICS OF NPTRS AND NEXT-DAY BUY THROUGH SERVICE

As noted above, the basic process for obtaining Next-Day Buy Through Service is similar to the bidding process for NPTRs. In general, customers that wish to obtain either service can, as part of their Day Ahead Schedules, include bids for each hour they would like such service. These bids represent an effective cap on the price customers will pay for such service. Alternatively, a customer can state that it wants service regardless of the price, in which case its transaction will go through unless the transaction is not physically possible after providing service for all PTRs and firm transmission reservations.

GridFlorida will determine the incs and decs associated with NPTRs and Next-Day Buy Through Service, and thus the cost of such service, once the scheduling process ends, i.e., normally 30 minutes prior to the hour. At that time, the Scheduling Coordinators' schedules will be determined, and the Bid Stack established, permitting GridFlorida to determine the most economical redispatch to accommodate requests for these services. Those customers that have submitted bids above the clearing price will be allocated service.

A number of questions about the mechanics of these services were raised in the pleadings and at the Advisory Committee. Answers to the most significant questions follow.

Payment When Capacity is Available Without the Need for Redispatch

To the extent transfer capability is available across the relevant facilities without

the need for redispatch, NPTRs and/or Next-Day Buy Through Service will be made available using that transfer capability at no additional cost. Thus, for example, if Scheduling Coordinators request 100 MW of Next-Day Buy Through Service at bids that exceed the cost of providing such service, 50 MW of transfer capability is available across the relevant facilities without redispatch, and redispatch is required to accommodate the additional 50 MW of service, the per MW redispatch cost of Next-Day Buy Through Service would be the total net cost of the redispatch to provide the additional 50 MW of service divided by 100 MW. If only 50 MW of Next-Day Buy Through Service had been requested, all 50 MW would be awarded at no additional cost.

Payment When Actual Redispatch Cost Differs From Price Determined by GridFlorida

When GridFlorida determines the price of NPTRs or Next-Day Buy Through Service 30 minutes before the hour, that is the price that will be charged. Since this price is determined very close to the hour, there should not be a significant variance in the cost actually incurred. However, the price determined by GridFlorida applies regardless of actual costs. If the actual cost is greater than that quoted, the difference is spread among all GridFlorida users for NPTRs and among all users in the Settlement Zone for Next-Day Buy Through Service. Since the payments to generators for redispatch is locked in when the amount of NPTRs and Next-Day Buy Through Service is established, the actual cost should never be less than quoted.

Options if Service is Denied

As discussed above, a bidder for NPTRs and Next-Day Buy Through Service is allowed to specify a cap on how much it is willing to pay for service. If GridFlorida determines 30 minutes before the hour that the service cannot be provided at the price specified by the bidder, then GridFlorida denies the service. At that point, the customer has two options. First, it can submit a revised schedule that does not require the NPTRs or Next-Day Buy Through Service that was denied. Second, the customer can inform GridFlorida that, notwithstanding the cap specified in its bid, the customer is willing to pay a higher price for the service. In that event, the customer will be awarded the NPTRs or Next-Day Buy Through Service at the price determined by GridFlorida. Of course, this price might be higher than the price specified for other customers, since a different redispatch might be required to accommodate the additional amount of service.

Curtailment Priority

Once GridFlorida awards NPTRs or Next-Day Buy Through Service, it must provide the service if physically possible, even if additional or more expensive redispatch is required. However, if curtailments are required, both NPTRs and Next-Day Buy Through Service have a curtailment priority that is lower than firm service. In other words, NPTRs will be curtailed before PTRs, and Next-Day Buy Through Service will be curtailed before firm service, including Network Service from designated Network Resources. As discussed above, Nonfirm and Secondary Service are curtailed before Next-Day Buy Through Service.

E. TWO HOUR RECALL PROVISION

In its Order, the Commission noted that certain parties had protested the two hour recall provision for PTRs that are lost when not scheduled. The Commission stated that, although it favored the anti-hoarding goal of the two-hour recall provision, it wanted further explanation of this feature. In particular, the Commission required the Applicants to explain:

> whether allowing recall until two hours before real-time (instead of some earlier deadline) will discourage an active market for these rights and whether the two-hour notice provides purchasers of RTRs adequate time to make alternative arrangements.

Order, 94 FERC at 62,355-56.

As an initial matter, the Applicants want to stress that the two-hour recall feature does not apply to PTRs that are bought and sold on the bilateral secondary market.[12] It applies only to PTRs that are not scheduled and therefore are taken away from the PTR holder. Thus, the recall feature should not have any adverse impact on the secondary PTR market. If anything, the secondary market should be enhanced, since sales in the secondary market would be more valuable as a consequence of not being recallable.

As explained previously, the reason for the recall feature is to increase the amount of RTRs that can be made available. Owners of PTRs will have legitimate reasons to want to recall PTRs that are not scheduled in the day-ahead scheduling process. There inevitably will be changes required in schedules between the time day-ahead schedules are submitted and the time

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[12] Of course, a seller of PTRs on the secondary market could negotiate a recall provision in the terms of the sale. That would be a contractual issue between the two parties, however, and is not a result mandated by the GridFlorida proposal.

that service commences the next day. The owner of a PTR will have a legitimate need for PTRs that were not scheduled the previous day but then are needed the next day as a result of a change in load forecasts or other unexpected operating conditions. If PTRs are not recallable, then PTR owners will have an understandable incentive to schedule more PTRs than they think they might need in order to protect themselves from changes in conditions the next day. Otherwise, they could be subjected to increased congestion costs that the PTRs they obtained but did not schedule were intended to protect them from incurring.

The Applicants believe that the two-hour time period that they have proposed represents a reasonable compromise between the legitimate interests of PTR holders and the need to provide RTRs that have some value. The GridFlorida scheduling process permits schedules to be adjusted until 30 minutes prior to real time. Thus, RTR holders will have one and a half hours to make alternative arrangements should their RTRs be recalled.

Furthermore, the Applicants have made a change in response to comments presented at an Advisory Committee meeting that provides additional protection for customers who have purchased RTRs that end up being recalled. The Applicants have amended Section 3.5.3 of Attachment P to permit an entity submitting a bid for RTRs to also submit an alternative bid for NPTRs. If the entity submitting such an alternative bid does not receive RTRs or if its RTRs are recalled, that entity could then obtain NPTRs that would allow its transaction to go through – albeit at a potentially higher price if the redispatch required to obtain the NPTRs costs more than the auction price of the RTRs.

The Applicants recognize that providing more than 2 hours notice in order to exercise the recall feature of RTRs would make the RTRs more valuable. However, given that

RTR holders will have 1.5 hours to arrange an alternative transaction and given the option to purchase NPTRs in the event of a recall, the Applicants believe that RTRs will have value and that there should be a market for RTRs. If its turns out that the market does not emerge, GridFlorida always will have the ability to change the time period for recallability.

F. POSTING OF PTR OWNERSHIP

Another request made at an Advisory Committee meeting was that GridFlorida post on its OASIS the current ownership status of all PTRs, so that potential purchasers of PTRs in the secondary market would be able to identify the owners of PTRs that they require. Making such information readily available should facilitate the purchase of PTRs by potential purchasers. In response, the Applicants have amended Sections 3.4.3 and 3.4.4 of Attachment P to provide that all sales of PTRs on the secondary market must be reported to GridFlorida and posted on the GridFlorida OASIS. In the event of a dispute over ownership, GridFlorida will rely on the information posted on the OASIS if the parties cannot resolve the dispute among themselves. The Applicants believe that this modification should facilitate the creation of a secondary market for PTRs and should be approved.

IX. PARALLEL PATH FLOW

Intra-Regional Flowgates:

Under the Flowgate congestion management system described above, the effects of parallel flows within the FRCC are addressed. The Flowgate congestion management system captures the effects of all network and PTR transactions within FRCC. The amount of PTRs made available will be reduced by the amount made unavailable by the effects of Flowgate usage by non-participants. Current analysis by the Flowgate Working Group has identified that three

Flowgates exist within the GridFlorida Regional Market, and that the GridFlorida Applicants and their existing network customers are the primary users of those Flowgates. In addition, significant interfaces with control areas outside of GridFlorida also will be treated as Flowgates. Under the Flowgate congestion management system GridFlorida will have adequate control of Network Customers' Network Resources to manage congestion, and in the unlikely event that non-participants are creating a reliability problem due to Flowgate loading, GridFlorida as the Security Coordinator has the authority to order redispatch of non-participant resources.

GridFlorida also will manage access through Flowgates using FRCC ATC procedures, which require network response determination of ATC and total transmission capability ("TTC"), capped at contract path rights to interfaces (Flowgates to non-participants). This approach assures that the grid effects of all schedules are captured in the ATC and TTC analysis that are used to set Flowgate capabilities. Through the combination of PTR and ATC management, schedules that would result in reliability problems from parallel flows will be kept to a minimum, and the Security Coordination function will serve as a last resort to ensure adequate reliability within the region.

Inter-Regional Flowgates:

The single FRCC Regional interface ("FRCCRI") flows are affected only by transactions across such interface. Transactions in other regions do not affect the FRCCRI. The distribution of flows across the FRCCRI facilities may be slightly affected by local conditions on either side of the FRCCRI under certain conditions, but the total flow across this interface is controlled by the transactions across this interface. Thus, in this situation parallel path flows from other regions are not an issue since they do not occur.

Further, parallel path flows on the FRCCRI resulting from third party transmission customer transactions are not an issue since the FRCCRI ATC and TTC is allocated and assigned among the owners of the facilities that comprise the FRCCRI by agreements which are on file with the Commission that commit to operate on a contract path basis consistent with such agreements, subject to the overview and control of the FRCC Scheduling Coordinator. The TTC and ATC limits on the FRCCRI are approved by the FRCC. Additionally, GridFlorida acting as the FRCC SC has the authority to cause adjustments to transactions across the FRCCRI, and to call for operating reserves activation within FRCC to insure reliable operation of the FRCCRI.

Since at this time FPL and FPC are the only FRCCRI owners that have decided to participate in GridFlorida, the Applicants are currently addressing how to define the FRCCRI as a Flowgate relative to FPL and FPC's rights to the FRCCRI.

X. ANCILLARY SERVICES

A. MARKET DESIGN AND MARKET POWER MITIGATION

The Market Design in the GridFlorida proposal consisted of a bid-based system where prices for ancillary services and balancing energy would be established through a series of auctions. Entities without market-based rate authority would be limited to cost-based bids, but a market clearing price would be established and all winning bids, including those of entities without market-based rate authority, would be entitled to receive the market-clearing price.

This proposal was subjected to significant criticism from various stakeholders. The concern was expressed that the Applicants own a significant share of all generation capacity in Florida and that they had made no showing that they should be entitled to receive a market-clearing price that could be significantly above their costs of providing the service.

In its Order, the Commission agreed that the Applicants had not adequately supported their proposed market design. In particular, the Commission found that the Applicants had not provided market share data to show that the markets could be workably competitive. As a consequence, the Commission did not approve the proposed market design and ordered the Applicants to fully support their proposed market design and to resolve issues raised by intervenors. Order, 94 FERC at 62,359.

The new market design filed today by the Applicants uses one approach for ancillary services and a different approach for balancing energy. Each approach is summarized below.

1. **Ancillary Services**

For ancillary services, the Applicants have withdrawn for the time being their bid-based approach. Instead, GridFlorida will satisfy its provider of last resort obligation by procuring ancillary services at cost-based rates from the Applicants and/or other market participants and passing the costs through to customers who purchase the services. GridFlorida will charge the average of the cost that it incurs to procure the services.

In agreeing to provide ancillary services to GridFlorida, the Applicants do not wish to expand their current obligation as transmission providers to provide ancillary services. As a consequence, they will enter into an agreement with GridFlorida to sell ancillary services. This agreement will limit each Applicant's obligation to provide ancillary services to transaction where they are obligated to provide ancillary services today. GridFlorida also will be able to purchase ancillary services from other sellers, if it believes it would be appropriate to do so.

Of course, GridFlorida is obligated only to be the provider of last resort for

ancillary services. The Applicants' new proposal continues to permit customers to self provide ancillary services. Customers also are permitted to procure ancillary services from third parties on a bilateral basis.

The goal for GridFlorida is that it ultimately will be able to institute the bid-based market for ancillary services. Therefore, the provisions implementing the bid-based system that previously had been filed are still in Attachment P. However, those provisions are expressly inapplicable at the present. When GridFlorida determines that the market is ready for a bid based system, it will be free to implement those provisions upon making an appropriate showing to the Commission.

2. Balancing Energy

The centerpiece of the Applicants' Market Design was a real-time energy balancing market. Rather than abandon this market, the Applicants have filed essentially the same balancing energy proposal, with certain modification described below. This time, however, they have included proposed mitigation measures designed to ensure that entities without market-based rate authority cannot recover more than their costs. The Applicants have filed two proposed mitigation proposals. They prefer Alternative A, which most closely permits the establishment of a market. If the Commission believes that this alternative does not adequately mitigate the potential for market power, however, the Applicants request that the Commission approve Alternative B.

Alternative A

Alternative A retains the essential provisions of a bid-based market, where potential suppliers submit bids and a market-clearing price is established. However, a cap would be placed on the amounts that entities without market-based rates could bid and receive. This cap would be equal to a Commission-approved cost-based rate based on that entity's costs. This could be either at an existing cost-based rate for energy or a newly filed rate.

A market clearing price for generators (i.e., a nodal price for generators) would be established based on all bids submitted to GridFlorida. However, to the extent that the market-clearing price exceeded an entity's cost-based rate cap, that entity would be limited to receiving its cost-based rate. For example, if an entity's cost-based rate cap was $50/MWh and the market-clearing price was $60/MWh, then that entity would be paid only $50/MWh. Only entities with market-based rate authority or a cost-based rate cap at $60/MWh or higher could receive the $60 price. If, on the other hand, the market clearing price was $40/MWh, the entity with a $50 cap would be paid only $40/MWh.

An important element of this proposal is that the cost-based rate caps are not limited to variable costs, but also permit bids that include recovery of fixed costs, including return of and on investment. It is important that bids include the recovery of fixed costs. Since the cost-based rate cap is not just a bid cap but a price cap, it would not be possible to recover any fixed costs if the price cap were limited to variable costs.

The Applicants have retained the same obligation to submit bids that was in their previous proposal. All generation owners must submit bids for the uncommited capacity of any unit that is on line, as well as for all quick start units.

The Applicants believe that this proposal appropriately mitigates any market power that an entity without market-based rates might possess. Rather than permitting such an entity to recover an unlimited market-clearing price, under no circumstances will any entity selling power into the balancing market receive more than its Commission-approved cost-based rate unless that entity has market-based rate authority.

Alternative B

The Applicants have submitted an alternative mitigation proposal in the event that the Commission is not comfortable with a market-clearing price, even with a cost-based cap. This proposal is identical to Alternative A in all respects except one. Generation owners will still bid into the market and entities without market-based rates will still be limited to a cost-based bid (including fixed costs). However, no market-clearing price will be calculated. Instead, each generator selected to produce energy will be paid what it is bid. For example, if the entity with a $50/MWh cost-based bid cap bids $40/MWh, it will be paid $40/MWh if it is selected to produce balancing energy regardless of what other bids are selected by GridFlorida.

There is no question that this proposal should provide adequate mitigation. Since no market-clearing price is established, there is no market price to be artificially driven up through an improper bidding strategy. And, since sellers without market-based rate authority would be limited to recovering their costs, no seller would be able to bid at inappropriately high levels and recover more than its costs.

B. PAYMENTS FOR BALANCING ENERGY

Another area in the December 15 Market Design filing that required further development was the issue of how payments for balancing energy would be made. A number of

provisions have been added to Attachment P to provide this detail.

1. **Payments Applicable to Imbalances Only** – Attachment P has been revised to make clear that the energy imbalance market applies only to the amount by which a Scheduling Coordinator is out of balance. In other words, if a Scheduling Coordinator has delivered 90 MW of generation and had 100 MW of load, only the 10 MW difference between generation and load is settled through the energy imbalance market.

2. **Payments to Generators** – Attachment P has been revised to provide that payments to generators will be calculated on a nodal basis. The calculation of the nodal prices will be subject to the market mitigation measures described above.

3. **Payments by Load** – By contrast, payments by load will be averaged out over a Settlement Zone. In other words, the payments by load in a Settlement Zone will equal the weighted average payments to the generators delivering energy to that Settlement Zone for balancing energy, including the cost of intrazonal congestion incurred in the Settlement Zone. The Applicants recognize that there are implementation details that need to be developed in order to achieve this result, and their agreement to this approach is necessarily dependent upon implementation being feasible.

4. **Settlement Examples** --In order to fully explain the above principles, the Applicants are presenting three simplified examples of how the balancing energy market would be settled:

Balanced Generation and Load: If a Scheduling Coordinator delivers 100 MW of generation and has 100 MW of load, that Scheduling Coordinator does not pay into or receive any payments out of the energy imbalance market. This is the case even if the generation and load are located in different Settlement Zones, provided that the Scheduling Coordinator has obtained the necessary rights to transmission capacity between its generation and its load.

Load is Greater Than Generation: If a Scheduling Coordinator delivers 90 MW of generation and has 100 MW of load, that Scheduling Coordinator will make a payment into the energy imbalance market for 10 MW, even if the generation and load are located in different Settlement Zones, provided that the Scheduling Coordinator has obtained the necessary rights to transmission capacity between its generation and its load. The price it will pay will be the weighted average price of energy paid to generators delivering balancing energy to load located in the Settlement Zone or Zones in which the load is located.

Load is Less Than Generation: If a Scheduling Coordinator delivers 100 MW of generation and has 90 MW of load, that Scheduling Coordinator will receive a payment for 10 MW from the energy imbalance market, even if the generation and load are located in different Settlement Zones, provided that the Scheduling Coordinator has obtained the necessary rights to transmission capacity between its generation and its load. The price paid for the generation will be based on the nodal price of the generation.

C. PENALTIES FOR LEANING ON BALANCING MARKET

One of the concerns that the Applicants have about their energy imbalance market

is that market participants may lean on the balancing market in an inappropriate manner. If the energy imbalance market were truly market-based this would be less of a concern. There is no benefit to leaning on the balancing market in most circumstances if the cost of doing so is the same cost as making a purchase at market prices. In other words, if a market participant has a choice of either buying energy at $100 in the bilateral or other external market to meet its balanced schedule requirement or else paying $100 in the energy imbalance market, then there is no incentive to lean on the balancing market.

However, since at least FPL and FPC and possibly TECO are likely to be restricted to cost-based bids under the market power mitigation proposal described above, there is a potential mismatch between the market price of energy and the energy imbalance price. For example, if the market price of energy is $100 and the energy imbalance price is $60 due to the cost-based rate cap, then a market participant has an incentive to deliberately underschedule its load and purchase the $60 energy imbalance energy instead of purchasing the $100 energy necessary to balance its actual load. Indeed, market participants will have an incentive to make a bilateral sale of energy at the $100 market price even if they do not have the capacity to produce the energy, and then obtain the energy necessary to make the sale in the imbalance market by underscheduling their load.

In order to address this problem, the Applicants propose to impose penalties for load underscheduling that occurs outside of certain bandwidths. In other words, GridFlorida will look at the amount of load submitted in a Scheduling Coordinator's balanced schedule and compare the schedule to the actual load. If the actual load is more than the scheduled load by an amount greater than the bandwidth, then penalties apply. The Applicants propose to charge

110% of the balancing energy price applicable to load when actual load is between 2% and 3% higher than scheduled load, and 125% of the balancing energy price applicable to load when actual load is over 3% higher than scheduled load. Since a Scheduling Coordinator is permitted to revise its schedule until one half hour prior to real time, it should have ample opportunity to revise its scheduled load in the event its day-ahead schedule appears to be in error. The revenues received as penalties will be allocated to load that was not subject to such penalties.

As noted above, charging market rates for balancing energy is preferable to a penalty. As a result, the Applicants also have provided that GridFlorida may, when an appropriate market index appears that has prices that vary hour-by-hour, substitute the market price for the 110% and 125% penalties when actual load exceeds scheduled load.

D. DEMAND RESPONSE SYSTEMS

In its Order, the Commission noted that "the ability of demand to respond to price is an important element of market design[,]" and thus directed GridFlorida to "consider this issue and develop a means to allow demand response to price." Order, 94 FERC at 62,354. The Commission required the Applicants to include in their Compliance Filing a report on the progress for developing a demand response mechanism, and a schedule for developing such a mechanism. The Commission noted that the mechanism need not be in place on the day GridFlorida commences operations. Id.

There are three essential elements required to put any demand response system into place. First, services must be priced on a real-time basis with prices that vary as supply and demand for the service vary. Second, information must be made available to consumers regarding prices on a basis that allows them to make informed decisions about when they should

be increasing or decreasing their demand for services. Third, consumers must then have the ability to adjust their demand in response to that information and be able to enjoy the benefit of the changing prices.

The last element is beyond GridFlorida's capacity to implement. Individual consumers, in conjunction with their LSEs, must install for themselves any equipment necessary for them to adjust their demands based on price. Such equipment does not relate to transmission and cannot be owned or operated by GridFlorida. Nor will GridFlorida directly serve retail customers who can vary their usage and thereby obtain the benefit of their demand responses. However, should individual customers working with their LSEs wish to establish (at their own expense) more elaborate or extensive mechanisms to enhance their ability to react efficiently to price signals, for example by installing real-time metering or other facilities, GridFlorida will accommodate such efforts.

With respect to the first element, GridFlorida is proposing a real-time balancing market with prices that vary from hour-to-hour based on supply and demand. GridFlorida's congestion management system includes a requirement for redispatch under certain circumstances at prices that vary from hour-to-hour based on supply and demand. Thus, GridFlorida's customers can vary their demands for these services and thus reduce their costs by reducing demand. Of course, since GridFlorida's customers are wholesale suppliers and not the ultimate consumers, the wholesale supplier must then be willing to pass price reductions on to the consumers.

However, the primary product that consumers will use and whose price is influenced by demand is energy. As a transmission provider with no ties to any market partici-

pant, GridFlorida does not operate a generally applicable energy market, but only a residual balancing energy market that applies to customers who deviate from their balanced schedules. Therefore, it is beyond GridFlorida's ability to ensure that a generally applicable energy price is developed that varies from hour-to-hour based on supply and demand. This is not a defect in GridFlorida's proposal but rather a reflection of the requirement in Order No. 2000 that RTOs not be market participants.

With respect to the provision of information regarding prices of the balancing energy and redispatch products that it does sell, the Applicants propose to provide customers with hourly pricing information as close to real-time as currently is feasible, given the complexity of the process for determining the real-time prices. This near real-time information will provide customers with a reasonable ability to make economic decisions on a going-forward basis.

While there can be no question about the value of demand response, given that initially a market is being established in Florida only for balancing energy, given that wholesale suppliers and not retail customers initially will be the only GridFlorida customers, and given the changes to the proposed market design included in Attachment P, the Applicants believe that further demand response programs should be developed by GridFlorida, with input from the Advisory Committee, as it gains greater experience with the markets it will operate. At that time, GridFlorida will be in a better position to gauge the time and expense warranted to develop such a program. As the Commission has seen in other regions, demand response programs can be time-consuming and expensive to implement, and raise a number of significant issues. Decisions regarding such important issues will be better made when GridFlorida and market participants

have operated under these new markets for a period of time.

E. RIGHTS OF MARKET PARTICIPANTS

The GridFlorida proposal does not require all existing control area operators to transfer their control area operation functions to GridFlorida. Instead, participants who are control area operators have the right to retain their control areas, referred-to in the GridFlorida OATT as an "Internal Control Area." To date, FPC has indicated that it will retain its control area, while FPL and TEC will operate under the GridFlorida control area. In its Order, the Commission approved the retention of control areas. However, the Commission required the Applicants to "clarify their ancillary services proposal concerning what rights market participants have under their proposal conceming control areas." Order, 94 FERC at 62,360. In particular, the Applicants were required to address FMPA's concern about how regulation service is to be provided. Id.

The Applicants have revised the GridFlorida OATT and Attachment P to make their intent more clear. In general, all market participants will be able to purchase their ancillary services directly from GridFlorida, whether or not they are located in the FPC or any other Internal Control Area. All scheduling is done through GridFlorida and no scheduling is required to be performed through FPC or any other Internal Control Area operator. Of course, to the extent that FPC offers ancillary services for sale, market participants are free to enter into bilateral transactions with FPC.

The one ancillary service that deviates somewhat from the above principle is regulation service. By its very nature, regulation service must be provided by the control area operator, and must be provided from generation units within the control area. Even with respect

to regulation service, however, market participants may deal with GridFlorida as provider of last resort and will not have to purchase from Internal Control Area Operators if they choose not to do so. GridFlorida, however, will have to purchase the regulation service provided to entities located in the Internal Control Area from the control area operator and other generation owners located in the Internal Control Area.

The fact that FPC and possibly others will retain their control areas also has an impact on the ability of a market participant to self supply regulation service. By definition, any generation capacity that provides regulation service in an Internal Control Area must be in that control area. Thus, in order to self supply, a customer must use generation that is located in the Internal Control Area. Of course, this does not place any geographic limit on such generation. For purposes of providing regulation service, a generation unit will be deemed to be in an Internal Control Area if it is dynamically tied into that control area.[13] If a market participant does not own enough regulation capacity in the Internal Control Area, however, it must purchase any deficiency from GridFlorida at the GridFlorida cost-based rate.

Finally, it is true that reactive power also has a locational element. However, as described below, GridFlorida does not require transmission customers to purchase or self-supply any particular level of reactive power, and in most circumstances will not impose any charge for reactive power, unless a generation unit is required to operate outside of its normal operating parameters and reduce real power output in order to provide reactive power. Therefore, there is

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[13] Although such a unit is deemed to be in the control area for purposes of providing regulation service, it is not necessarily in the control area for any other purpose, including but not limited to the determination of transmission rates, losses or energy imbalance payments.

no need to self supply reactive power and no reactive power issue is raised by the retention of control areas.

F. SELF SUPPLY OF SYSTEM RESTORATION SERVICE (BLACK START)

In the Order, the Commission required the Applicants to allow customers to self-supply black start service or explain why it is unreasonable to grant customers such an option. Order, 94 FERC at 62,361. The Applicants believe that a more complete explanation of the service at issue here will be helpful, and will show why such service cannot be self-supplied.

As the Commission has stated, there are "really two services involved to restart an electric system . . . 'blackstart service' and 'planning for system restoration.'" Carolina Power & Light Co., 82 FERC ¶ 61,204 at 61,801 (1998). Black start service, which allows a power producer to restart a generating unit, can be self-supplied or purchased from another power producer. Id. A transmission provider is not obligated to provide this service, id., and it is not provided for under the GridFlorida OATT.

System restoration, on the other hand, is the ability to re-energize the transmission system after a blackout. This service is an obligation of the transmission provider and control area operator, which must make arrangements with generators at strategic locations on the transmission system. Id. System restoration, which is the service included under Schedule 11 of the GridFlorida OATT, cannot be self-provided. See New England Power Pool, 92 FERC ¶ 61,020 (2000) (accepting tariff provisions for system restoration service that do not permit for self-supply).

To further clarify the nature of the service under the GridFlorida OATT, the

Applicants have re-named it "System Restoration Service." While customers cannot self-supply this service, the Applicants note that nothing precludes GridFlorida participants from self-supplying black start service for the purpose of "jump-starting" their own generating units in accordance with the system restoration plan implemented by GridFlorida.

G. SELF SUPPLY OF REACTIVE POWER

The Commission also required the Applicants to amend their tariff to permit customers to self supply a portion of their reactive power requirements. Order, 94 FERC at 62,361. However, Schedule 2 of the GridFlorida OATT provides that, in general, generators will not be compensated for providing reactive service and therefore in general there will be no charge to any customer for reactive power. Only when a generator is required to operate outside of its normal operating parameters to provide reactive power in such a fashion as to reduce that generator's real power output is there a charge paid to the generator. In that instance, Schedule 2 provides that all of GridFlorida's customers will share the cost of the payment, a provision that the Commission approved. Order, 94 FERC at 62,361.

As a consequence, there is no obligation that a customer purchase any particular level of reactive power, since there will be no charge for reactive power unless generators are required to operate outside of normal limits. In this context, there is nothing for a customer to self supply. Therefore, the Applicants have not made any changes to the GridFlorida OATT to provide for the self-supply of reactive power.

H. INSTALLED CAPACITY AND ENERGY ("ICE")

The GridFlorida proposal included the outlines of an Installed Capacity and Energy ("ICE") requirement that would be implemented by GridFlorida. The Applicants

conceded in filing the ICE proposal that the establishment of an ICE requirement was within the jurisdiction of the FPSC, and that much work remained to be done with the FPSC, the FRCC and the stakeholders.

The Commission approved the ICE concept. However, the Commission observed that the details needed to be worked out and filed for the Commission's review before they could be implemented. The Commission found that the ICE proposal did not have to be in place on the date GridFlorida operations commenced, but stated that "we encourage Applicants to have these requirements effective at that time or as soon after that as possible." Order, 94 FERC at 62,361-62.

The Applicants have now agreed to a process that they believe appropriately involves stakeholders, the FRCC and the FPSC in developing an ICE proposal. Under this process, the FRCC has been assigned the task of developing an initial proposal for establishing ICE standards and procedures. Since most stakeholders are members of the FRCC, this process will allow them to participate in the development of the FRCC proposal, which will then be submitted to the FPSC for its consideration. Once the FPSC has completed its review, then GridFlorida will develop the necessary tariff provisions to implement and administer that proposal, and file those provisions with the Commission. The filing will be reviewed by the Advisory Committee and thereby obtain additional stakeholder input.

The Applicants do not know whether or not this process will result in an ICE filing effective upon the commencement of GridFlorida operations. However, they do believe that it will permit the establishment of ICE procedures as soon as reasonably possible. In order to keep a placeholder for ICE in the GridFlorida OATT, the Applicants have retained Attachment

W, which is where the ICE proposal will be included. As filed today, ICE cannot go into effect until a further filing has been made. To further reduce confusion on this issue, the Applicants have removed much of the detail that they previously had filed in Attachment W, since much of that detail will be revisited by the FRCC and FPSC. Instead, the Applicants have restated the four principles that underlie the ICE proposal.

I. DEMAND SIDE RESOURCES FOR ANCILLARY SERVICES

The Commission required that the Applicants should "clarify whether a customer may self-supply [ancillary services] using demand-side resources." Order, 94 FERC at 62,360. Current rules permit operating reserve obligations to be met through demand-side resources, and the Applicants do not propose to change those rules. The Applicants also expect that GridFlorida would develop rules that would permit demand-side resources to be used to provide balancing services as well.

J. LOSSES

The Applicants did not include any proposals for determining losses in their previous filings. The problem has been that the Applicants had focused their attention on other more pressing market design issues and had run out of time in which to develop a losses proposal. As a consequence, the Applicants are only now able to submit their proposed treatment of losses.

Losses will be calculated consistent with the approach for base transmission service. That is, like the base transmission charge associated with Existing Facilities, losses for transmission service to load or a point of delivery within the GridFlorida system will be calculated based on the loss factor of the zone in which the point of delivery or load is located.

For service through or out of GridFlorida, losses will be based on a GridFlorida-wide average loss factor, consistent with the calculation of base transmission rates for such service. That loss factor will be filed in the future. The zonal loss factors included in the GridFlorida OATT are the same as those currently included in the Applicants' individual company transmission tariffs.

K. SUPPLEMENTAL SERVICES AGREEMENT

As noted above, the Applicants are agreeing as part of their revised Market Design proposal to supply regulation and operating reserves to GridFlorida at cost-based rates. A form of the Supplemental Services Agreement pursuant to which these ancillary services would be sold is being provided with this filing. In general, the agreement requires each of the Applicants to provide the ancillary services to loads located within their current control areas. This obligation remains until GridFlorida establishes markets that are capable of providing the necessary ancillary services. The Supplemental Services Agreement also makes it clear that GridFlorida is free to purchase ancillary services from other entities if GridFlorida determines that would be more appropriate.

L. DEVELOPMENT OF FORWARD MARKETS

Throughout the market design discussions, the Applicants have considered whether or not the market design for Florida should include a forward market and whether such a market should be operated by GridFlorida. The Applicants believe this subject is worth further consideration and commit to work to attempt to develop such a proposal. In general, the Applicants believe that such a forward market would benefit market participants by allowing them to achieve a level of price certainty further in advance than that currently provided under the current market design.

Many other jurisdictions have either proposed or implemented forward markets as part of an overall market design. The specific features of these forward markets, however, have varied in terms of the commodities that are traded (e.g., energy, ancillary services) and objective functions. In working to develop a proposal for Florida, the Applicants propose to evaluate these various alternatives in consultation with the Advisory Committee and to identify the features that are appropriate for Florida.

The Applicants believe there are two guiding principles that must be applied during this evaluation process. First, the Applicants wish to consider the appropriateness of GridFlorida operating a forward market. During this evaluation, the Applicants will work with the Advisory Committee to evaluate whether GridFlorida or a third party is best suited to operate such a forward market. Second, the Applicants believe that if a forward market were to be implemented by GridFlorida, this market should be a voluntary market. This principle is consistent with allowing market participants the freedom to choose the markets in which they wish to participate. Participants should be free to choose whether they wish to trade bilaterally, participate in a forward market, or participate in the spot market.

XI. MARKET MONITORING

In commenting on the Market Monitoring Tariff, the Commission raised concerns that:

> the ability of GridFlorida and market participants to comply with market rules, and the Market Monitor's investigation of compliance with 'market rules,' will be hindered unless such rules are set out in advance of GridFlorida's operation in at least general form.

Order, 94 FERC at 62,362. As a result, the Commission directed the Applicants to "provide an

explanation and description of market rules in their compliance filing." Id.

Applicants agree with the Commission's concerns, but submit that market rules cannot be fully developed until the Applicants complete and gain Commission approval of the GridFlorida market design, certain details of which are being presented to the Commission for the first time in this compliance filing. Should the Commission approve the specifics of GridFlorida's market design, the Applicants will be able to move forward with appropriate market rules, and will file those rules with the Commission for approval as soon thereafter as possible. In any event, the Applicants assure the Commission that GridFlorida will have in place appropriate market rules "set out in advance of GridFlorida's operation date."

XII. PLANNING AND EXPANSION

A. TRANSPARENCY OF PLANNING DECISIONS

In its Order, the Commission required the Applicants to make information regarding planning decisions more available to the public, including non-participants. Order, 94 FERC at 62,367. The Applicants agree that the GridFlorida planning and expansion process should be transparent and believe it is important that all market participants, including non-Participating Owners, have confidence that the process is fair and efficient.

To this end, the Planning Protocol, Attachment N to the GridFlorida OATT, and particularly paragraphs I.A.3, I.A.10, and I.D.2&3, emphasize the commitment to an open, participatory process; timely, regular and complete disclosure (consistent with confidentiality and information disclosure requirements); and provision to the public, including nonparticipants, of data bases relied upon for planning. The Annual Regional Transmission Planning Process, Exhibit N.1 of the Planning Protocol, similarly provides for specific milestones for that process

and for full participation by interested parties.

In order to further emphasize and clarify this commitment with respect to non-Participating Owners, the Applicants propose to amend the Planning Protocol at Exhibit N.1, paragraph 5, to include a specific reference to invite comments from non-Participating Owners in the development of the Final Transmission Expansion Plan ("FTEP").[14] Exhibit N.1 already provides for posting of the FTEP on the GridFlorida OASIS, and therefore their proposal already provides that this information is available to the public.

B. TRANSMISSION PLANNING COMMITTEE

The Commission found that the Applicants had not provided enough detail regarding the makeup of the Transmission Planning Committee in Section III.1 of Attachment N (Planning Protocol) of the GridFlorida OATT. The Commission required the Applicants to include enough details to ensure that all market participants had their interests represented on this committee. Order, 94 FERC at 62,367. In compliance with this requirement, the Applicants have revised Section III.1 to provide that the Transmission Planning Committee will have representatives from the same classes of market participants as the Advisory Committee. The Commission found that the make up of the Advisory Committee provides adequate representation for all market participants, and use of these same groups should be appropriate for the Transmission Planning Committee.

C. LONG-RANGE PLANNING PROCESS

In its Order, the Commission stated that the Applicants did not "fully explain how

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[14] Specifically, the phrase "including NPOs" will be included at the end of the second sentence in paragraph 5.

GridFlorida will pursue infrastructure investment that will make generation markets more competitive" particularly with respect to investment in expanded inter-tie capacity. As a result, the Commission directed the Applicants "to provide more detail on GridFlorida's long-range planning process, particularly how it will use this process to ensure that efficient investments are made to make generation markets more competitive, increase import capability and improve reliability." Order, 94 FERC at 62,367.

The Applicants believe that paragraphs I.A.2 & 3 of the Planning Protocol (Attachment N) address these long-term planning issues. Nevertheless, paragraph I.A.3. has been modified and reformatted to further address the Commission's concern. That paragraph has been modified to make clear that GridFlorida must consider efficiency of investments and otherwise conduct its planning to enhance competitive generation markets, increased import capability and improved reliability.

CONCLUSION

This Compliance Filing represents an important step in the establishment of GridFlorida. The Applicants request that the Commission approve this filing as described herein.

Respectfully submitted,

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May 29, 2001

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedures, 18 C.F.R. § 385.2010 (2000).

Dated at Washington, D.C. this 29th day of May, 2001

Glen S. Bernstein

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

GridFlorida LLC	)	
Florida Power & Light Co.	)	
Florida Power Corporation	)	**Docket No. RT01-67-001**
Tampa Electric Co.	)	

NOTICE OF FILING
(May __, 2001)

Take notice that on May 29, 2001, Florida Power & Light Company, Florida Power Corporation, and Tampa Electric Company tendered for filing a Compliance Filing to the Commission's Order Granting Provisional RTO Status, GridFlorida LLC, 94 FERC ¶ 61,363 (2001).

Any person desiring to be heard or protest such filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). All such motions or protests should be filed on or before _____. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection. This filing may also be viewed on the Internet at http://www.ferc.fed.us/online/rims.htm (call 202-208-2222 for assistance).

David P. Boergers
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Matthew M Childs P A

May 11, 2001

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
4075 Esplenade Way, Room 110
Tallahassee, FL 32399

RE: DOCKET NOS. 001148-EI; 000824-EI; and 010577-EI

Dear Ms Bayó

Enclosed for filing are the original and fifteen (15) copies of the Joint Motion to Establish a Separate Generic Docket to Determine an Expedited Basis the Prudence of Formation of and Participation in GridFlorida, Inc.

Respectfully submitted,

Matthew M Childs, P A

MMC new
Enclosures

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Motion to Establish Docket as to the Prudence of the Formation of Grid Florida, Inc.	)	Docket Nos. 001148-EI; 000824-EI, and 010577-EI
	)	Filed: May 11, 2001

JOINT MOTION TO ESTABLISH A SEPARATE GENERIC DOCKET TO DETERMINE ON AN EXPEDITED BASIS THE PRUDENCE OF FORMATION OF AND PARTICIPATION IN GRID FLORIDA, INC.

Florida Power & Light Company ("FPL"), Tampa Electric Company ("TEC") and Florida Power Corporation ("FPC") (hereinafter referred to as "Joint Movants") file this Motion with the Commission for an order establishing a separate generic docket to determine whether Joint Movants are prudent in forming and participating in GridFlorida, Inc. By this Motion, it is also requested that the Commission establish an expedited schedule for this separate docket and consolidate and move into that docket the matters concerning GridFlorida, Inc. that are presently identified for consideration elsewhere. In support of this Motion, the Joint Movants state

1. Each of the Joint Movants is an electric utility subject to the jurisdiction of the Florida Public Service Commission ("FPSC") and the FERC.

2. On May 3, 2001, the staff of the FPSC issued recommendations in Docket Nos. 001148-EI and 000824-EI, recommending, in relevant part, that the Commission undertake reviews of the prudence of participation by FPL and FPC, respectively, in GridFlorida. On May 8, 2001, this Commission opened Docket No. 010577-EI, *Review of Tampa Electric Company and impact of its participation in GridFlorida, a Florida Transmission Company, on TEC's retail ratepayers*. In addition, the reviews would apparently be separately conducted in the respective dockets. The recommendations are scheduled to be considered by the Commission at

Agenda on May 15, 2001. Thus, there could be three separate reviews of participation in GridFlorida.

3. On October 16, 2000, and supplemented on December 15, 2000, pursuant to §§ 203 and 205 of the Federal Power Act and FERC Order 2000, the Joint Movants submitted their response in compliance with Order No. 2000 requesting authorization from the FERC to create GridFlorida LLC, a for-profit RTO.

4. On March 28, 2001, the FERC issued its order in RTO Docket 1-67-000 provisionally granting RTO status to Grid Florida LLC. This FERC order found that the October 16, 2000 compliance filing by the Joint Movants, as modified, complied with the minimum characteristics and functions of an RTO described in Order No. 2000, accepted various proposals, made various revisions and directed the applicants to make additional compliance filings reflecting ordered revisions within sixty days of March 28, 2001. The intended commercial operations date is December 15, 2001, as required by Order No. 2000. The original plan called for all transmission service over GridFlorida owned and operated facilities must be taken under GridFlorida's open access transmission tariff. On April 26, 2001, in its capacity as an intervenor in Docket No. RTO1-67-000, the FPSC filed a request for clarification and expedited rehearing of FERC's March 28, 2001 order provisionally granting RTO status to GridFlorida.

5. As noted above, on May 3, 2001, the FPSC staff filed recommendations in Docket No. 000824-EI with respect to FPC and Docket No. 001148-EI with respect to FPL which raise issues concerning. . . "the prudence of subjecting its retail and wholesale load to GridFlorida." Staff also raised issues with respect to costs and rates of GridFlorida. These issues are generic in nature and equally applicable to each of the Joint Movants. Staff contends that it must

ensure that the decision to join the RTO was prudent and costs are properly assigned and recovered." Because there is question as to the prudence of forming and participating in GridFlorida, Inc. it is necessary for the issues to be joined and addressed on an expedited and consolidated basis. This would permit consideration of the matter by the Commission and minimize the period, during which there was uncertainty as to the future development of GridFlorida, Inc.

6. The Joint Movants respectfully suggest that it is inefficient and redundant for the Commission to consider the prudence of the formation and operation of Grid Florida in three separate proceedings. Stated differently, the establishment of a separate docket as herein requested is the most appropriate and efficient way to address the identified issues concerning GridFlorida.

7. Florida Power & Light Company represents that is undertaking to contact each of the parties to its Docket No. 001148-EI and that it will supplement this motion on Monday, May 14, 2001.

8. Florida Power Corporation represents that is has contacted or attempted to contact each of the parties to its Docket No. 000824-EI and that that it will supplement this motion on Monday, May 14, 2001.

9. Tampa Electric Company represents that is has contacted or attempted to contact each of the parties to its Docket No. 010577-EI and that that it will supplement this motion on Monday, May 14, 2001.

WHEREFORE the Joint Movants each respectfully request that this Commission establish a separate generic docket and consolidate therein for purposes of review the issue of the prudence of Joint Movants' participation in GridFlorida and establish that the issues will be addressed on an expedited basis.

Respectfully Submitted,

Matthew M. Childs, P.A.
Attorney for Florida Power & Light Co.

Attorneys for Florida Power Corporation

Attorneys for Tampa Electric Company

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of FPL's Joint Motion To Establish A Separate Generic Docket To Determine On An Expedited Basis The Prudence Of Information Of And Participation In Grid Florida, Inc. was served by Hand Delivery (*) or mailed this 11th day of May, 2001 to the following:

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By: _____
Matthew M. Childs, P.A.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Motion to Establish Docket as to the Prudence of the Formation of Grid Florida, Inc.	)))	Docket Nos 001148EI; 000824EI, and 010577-EI Filed: May 14, 2001

FLORIDA POWER & LIGHT COMPANY'S SUPPLEMENT TO THE JOINT MOTION TO ESTABLISH A SEPARATE GENERIC DOCKET TO DETERMINE ON AN EXPEDITED BASIS THE PRUDENCE OF THE FORMATION OF AND PARTICIPATION IN GRIDFLORIDA, INC.

Florida Power & Light Company ("FPL") files the following Supplement to the Joint Motion to Establish a Separate Generic Docket to Determine on an Expedited Basis the Prudence of the Formation of and Participation in GridFlorida, Inc. (the "Joint Motion") filed May 11, 2001 by FPL, Tampa Electric Company ("TECO") and Florida Power Corporation ("FPC")

1 On May 11, 2001, FPL, TECO and FPC filed the Joint Motion in Public Service Commission Docket Nos 001148-EI, 000824-EI and 010577-EI. FPL, TECO and FPC were not able to contact all counsel in these dockets prior to filing the Joint Motion. The Joint Motion therefore indicates that FPL would contact counsel in Docket No 001148-EI, TECO would contact counsel in Docket No 010577-EI and FPC would contact counsel in Docket No. 010577-EI and that each would file a separate supplement to the Joint Motion

2 In accordance with the Joint Motion FPL has contacted counsel for the parties in Docket No. 00-1148-EI. Their positions with respect to the Joint Motion are as follows Florida Industrial Power Users Group has no objection to the motion Public Counsel takes no position and South Florida Hospital and Healthcare Association

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takes no position. Counsel for Staff and Dynegy could not be reached prior to the filing of this Supplement.

3. Counsel for South Florida Hospital and Healthcare Association has asked that the attached letter be forwarded to the Commission.

Respectfully Submitted,

John T. Butler, P A
Attorney for Florida Power & Light Co

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Supplement to the Joint Motion to Establish a Separate Generic Docket to Determine on an Expedited Basis the Prudence of the Formation of and Participation of Grid Florida, Inc. was served by U.S Mail this 14th day of May, 2001 to the following.

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MIA2001/20215-1

ATTACHMENT B
MEETINGS WITH PUBLIC POWER ENTITIES

1. April 18, 2001.

   Participants: Applicants and JEA

2. April 20, 2001.

   Participants: Applicants, Tallahassee, Orlando, Lake Worth, Homestead, Lakeland, Kissimmee, Reedy Creek, and Gainesville

3. May 3, 2001.

   Participants: Applicants, FMPA and Seminole

4. May 17, 2001.

   Participants: Applicants, FMPA and Seminole

ATTACHMENT C
Principles for Expedited Generation Interconnection Service ("EGIS")

A. Overview

- If a GIS Customer elects to interconnect a generation facility in an expedited manner, EGIS defines an optional procedure that enables a GIS Customer to proceed with the interconnection of a generation facility in a sequence different from the official GIS Queue. However, the GIS Customer that elects the EGIS procedure will continue to have the obligations attendant to its official GIS Queue position. Only one request by a GIS Customer for EGIS may be made, and may be made at any time prior to the commencement of the GIS Feasibility Study.

- An EGIS Request is a request to be studied and interconnected based on a proxy GIS Queue position selected by the requestor. Studies performed for an EGIS Request would be based on assumptions regarding preceding GIS Requests that are relevant (for example, due to potential interaction between an EGIS Request and Preceding GIS Requests – caused by thermal loading of facilities, voltage performance, stability response, short circuit, etc.) to the EGIS Request.

- An EGIS Request requires that the Customer assume a continuing obligation that may involve studies, operational limits, or financial support for upgrades until the date when the EGIS status is eliminated, as described below.

B. Selection of and Analysis Based on a Proxy EGIS Queue Position

- The GIS Customer requesting EGIS will specify a single proxy GIS Queue position to serve as the basis for its EGIS studies. A GIS Customer may request an EGIS proxy GIS Queue position, provided that the GIS Facilities Studies have been completed for all preceding GIS Requests relevant to the selected proxy GIS Queue position. The studies performed in connection with an EGIS Request would be limited to consideration of relevant GIS Requests preceding the proxy GIS Queue position.

- The analysis associated with a GIS Request includes all relevant preceding GIS Requests. The analysis associated with an EGIS Request would be limited to consideration of relevant GIS Requests (and their associated upgrades) preceding the proxy GIS Queue position for which a GIS Facilities Study has been completed. Upon request, GridFlorida will make available to the EGIS Customer information (e.g., completed GIS Feasibility Studies and GIS Facilities Studies) concerning preceding GIS requests, to assist the EGIS Customer in evaluating its selection of a proxy Queue Position.

C. **Continuing Obligations**

- The EGIS Customer's interconnection obligations continue to be based on its official GIS Queue position, and the EGIS Customer must continue the analysis process until the EGIS status is eliminated as a result of the withdrawal, or the completion of studies and/or upgrades required by the interconnection, of relevant preceding GIS Requests. To the extent continuing EGIS obligations outlined herein have not been fully met and/or maintained, specific operating limitations for the generation facility may be imposed. Note that upgrades that the EGIS studies determine are required for the interconnection of a generation facility may be later rendered unnecessary. The likelihood of this occurring may be greater for EGIS Requests.

- The nature and extent of continuing obligations of an EGIS Customer are dependent on the stage of development associated with an EGIS Request. The first stage is the period from the date of the EGIS Request to the date that GridFlorida affirms that the generation facility studied under an EGIS Request is properly interconnected to the Transmission System. The second stage is the period from the date of interconnection until the requirements for GIS Request and interconnection have been satisfied. The continuing obligations for the first stage entail the completion of all analyses necessary to demonstrate reliable interconnection of the generation facility based on the actual Transmission System configuration prior and subsequent to the interconnection of relevant preceding GIS Requests, as of the date of interconnection of the generation facility, and may include identifiable operational limits for such generation facility.

- With respect to the second stage, the continuing obligations entail completing any analysis necessary to demonstrate a reliable interconnection of the generation facility at the time each additional preceding GIS Request (considered relevant to the official Queue position) interconnects to the Transmission System (including any new operational limitations), taking into consideration system modifications that are in-service by the date of interconnection of the preceding GIS Requests.

- If a preceding GIS Request requires the same, or a portion of, system upgrades that were developed for an EGIS Customer, then the preceding GIS Request shall assume responsibility for its appropriate share of such upgrades. Such obligation should be consistent with what costs would have been incurred had the construction sequence followed the order of the GIS Queue.

- If the interconnection of a generation facility under an EGIS Request requires system upgrades in addition to those required for a preceding GIS Request, then

the incremental upgrades shall be the responsibility of the EGIS Requestor.

D. Terms and Conditions for Interconnection of Projects with an EGIS Request

- An EGIS Request shall be subject to the following terms and conditions, as well as other EGIS and GIS procedures, as applicable:

1. Any operational limits must be capable of being monitored and imposed, clearly defined, quantifiable, and measurable.

2. The studies for an EGIS Request will only be performed to the extent they do not materially delay the processing of preceding GIS Requests.

3. All system upgrades identified in the EGIS or GIS studies as necessary are built.

4. An EGIS Request may interconnect out of the sequence defined by the official GIS Queue, subject to satisfying the terms and conditions discussed by these Principles.

E. Elimination of EGIS Status

- EGIS status may be eliminated when the EGIS Customer demonstrates that the following requirements have been satisfied:

1. No further actions are required pursuant to applicable continuing obligations provided in Section C.1.;

2. No system upgrades are required in association with the generation facility with all preceding GIS Requests assumed interconnected; and

3. The responsible parties place in-service all applicable system upgrades to the same extent as such upgrades would have been required under a GIS Request.

F. Implementation of EGIS

- GridFlorida plans to develop the EGIS procedure based on the principles set forth above prior to the in-service date of GridFlorida.

ATTACHMENT D
Principles for Construction Sequencing

I. *A "Faster" Project Should Be Allowed to Proceed Without Waiting for a "Slower" Project. A queued generation project whose interconnection-related upgrade requirements are impacted by the interconnection requirements of a generation project with a higher queue position should have the opportunity to proceed with construction of upgrades to the facilities required by both projects ("common facilities") (either by constructing for its own needs, or by constructing to accommodate both projects' needs) in order for the project with the lower queue priority to meet its in-service schedule.*

- Therefore, procedures should be developed which allow the sequence of construction of upgrades to be different from the sequence in which system impact studies were performed.

- There are many possible construction sequencing scenarios, some of which may involve the possible avoidance of upgrade costs (e.g., where an upgrade is only required because a project ahead in the queue uses up available line capacity) or incurrence of additional upgrade costs (e.g., where an upgrade is required to interconnect the project with a higher queue position to proceed, but, in proceeding out of queue sequence, the lower queue priority project assumes the upgrade costs of an upgrade required by the project with the higher queue position).

- Such "construction sequencing" procedures would have several objectives:

    - to avoid construction and in-service delays of projects ready to proceed with construction;

    - to provide notice to the "slower" project with the higher queue position of the need for the "faster" project to proceed and a timeline in which to commit to proceed in queue order, thereby protecting any advantages of its queue position;

    - to avoid "gaming" of the queue by holding a "slower" project responsible for costs assumed by the "faster" project, which the "slower" project would otherwise have incurred, in the event that it allows the "faster" project to proceed ahead, but thereafter decides to go forward itself;

    - to allow the "faster" project to manage its risk by either constructing the common facilities to accommodate both projects (thereby assuring on-schedule interconnection but risking that the "slower" project may be cancelled and the upgrades unnecessary) or constructing the common facilities only to accommodate its own

needs (but taking the risk that, if the "slower" project proceeds with construction, its in-service date may be delayed).

II. *A Higher-Queue Position Project May Be Required to Accommodate a Lower-Queue Position Project Requiring Common Facilities. Under certain conditions, it may be appropriate to require that interconnection-related construction for a project be delayed for a limited period in order to efficiently accommodate incremental construction of a common facility required by the interconnection of a project lower in the queue.*

- Upon request of the lower-queued project requiring a common facility upgrade, GridFlorida would determine whether accommodating incremental construction of a common facility would materially delay the construction of the higher queued project proceeding on schedule. A material delay could be greater than 60 days, for example.

- The lower-queued project would be required to post security and be ready to proceed in a timely manner.

- The lower-queued project would be responsible for common facility costs already incurred by the higher-queued project which became unnecessary because of the modification of the common facility.

- The cost responsibility of the higher-queued project would not increase as a result of the modification of the common facilities, and the lower-queued project would be responsible for incremental costs.

ATTACHMENT F

Flowgate Working Group

- Summary and status of assignments of the Flowgate Working Group

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Objectives of Flowgate Analysis

- a technical team was formed to examine the technical aspects of Grid Florida's Congestion Management proposal.
- the "team" consisting of engineers from both Participants and Stakeholders was assembled and directed to examine the FRCC's existing constraints (NERC flowgates) as a proxy for potential Grid Florida "Flowgates".

"The Team"

Participants in Flowgate Working Group

Florida Power & Light

Florida Power Corp.

Tampa Electric Co

Orlando Utilities

Seminole Electric Co

Florida Municipal Power Authority

City of Tallahassee

Florida Public Service Commission

City of Lakeland

Jacksonville Electric Authority

Reliant

Calpine

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Assignments

- The assignments of the team were to:
  - Determine a method for calculating existing uses of each "Flowgate".
  - Establish a method for Transmission Reserve Margin (TRM).
  - Establish a Physical Transmission Right (PTR) allocation methodology.
  - Determine the Total Transfer Capability (TTC) of each Flowgate.
  - Evaluate methods to determine Commercial Significance of studied flowgates and recommend a method to determine initial flowgates.
  - Verify Operational Feasibility of Congestion Management protocol.

Methods to calculate existing uses (Flowgate participation)

- Flowgate participation was initially calculated by using two approaches:
  - using a "DC" linear method (MUST* program)
  - using AC power flow method (PSSE program)
- The two methods were verified to be comparable and equivalent. Some differences can arise because of the non linearity and distribution of losses associated with the AC method.
- Since the differences are negligible, MUST is preferred because results are more consistent.
- MUST is geared toward the efficient and rapid calculation of numerous transactions while the AC method is comparable but more cumbersome to use.

*MUST - Managing and Utilizing System Transmission a software application developed by PJM

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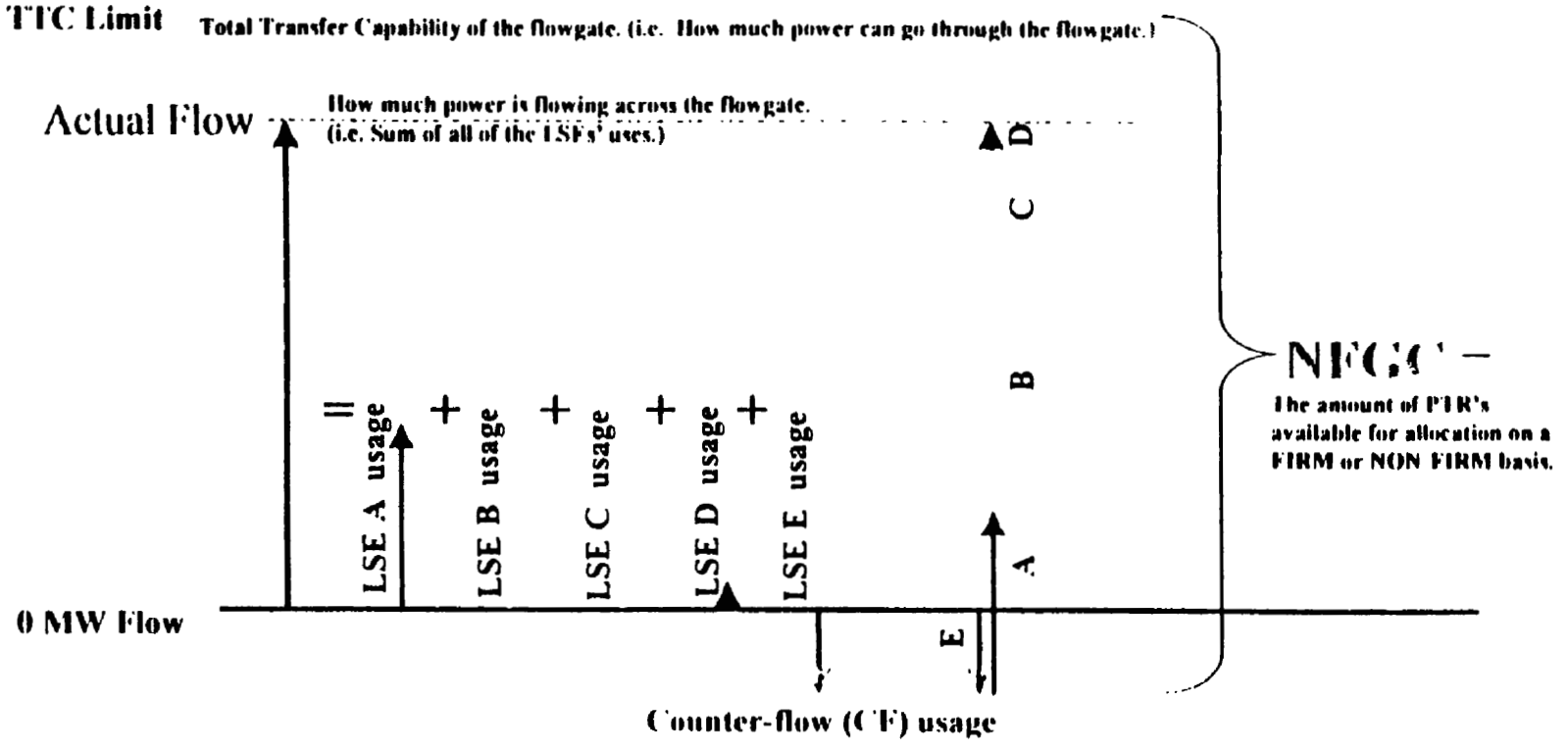
Flowgate Participation Definitions



Usage Calculations

- Using FRCC Y2000 databank 2001 Summer Operating load flow base cases, each LSE's simultaneous base planned FIRM use was calculated. (at 50,60,70,80,90, and 100% Peak load levels)
- Each Network Customer's use of a particular flowgate is determined by summing the use on the flowgate of all of the transactions that serve that Network Customer's load. (A similar approach is used for FIRM Point-to-Point Transmission Service.) Transactions were determined from FRCC's 2000 Databank Interchange assumptions spreadsheet which was the basis for the FRCC databank cases.
- Use for each transaction was calculated using generation shift factors (GSF) for the generators and loads (subsystems) involved in each transaction. GSF's were calculated using Power Technologies Inc. (PTI) "MUST" software program.

PTR Requirement Methodology

- PTR allocation requirements based on planned FIRM use of a flowgate.
- Planned FIRM use of a flowgate accounts for a:
  - FIRM Reservation (FR) use with all FIRM resources available.
  - Transmission Reserve Margin (TRM) that takes into consideration the potential that a FIRM user has its most critical resource to the flowgate unavailable with an economic re-dispatch of that user's FIRM resources.
- TRM is allocated to FIRM users of a flowgate who have a FIRM resource sensitive to the flowgate that can be replaced economically with other FIRM resources which increase the use on the flowgate.

Determination of Flowgate Total Transfer Capability

(Based on FRCC Reliability Criteria)

PRE- CONTINGENCY:

-ALL VOLTAGES WITHIN 95%-105%

-ALL BRANCHES UNDER 100% OF THERMAL RATING A

POST CONTINGENCY:

-ALL LINES UNDER 100% OF THERMAL RATING B

-TRANSFORMERS UNDER 100% OF THERMAL RATING B

-MINIMUM VOLTAGES 93% -95% (Depending on voltage level)

CONTINGENCIES CONSIDERED.

-All branches and units Total list to be simulated may be reduced based on experience with the system.

MONITOR.

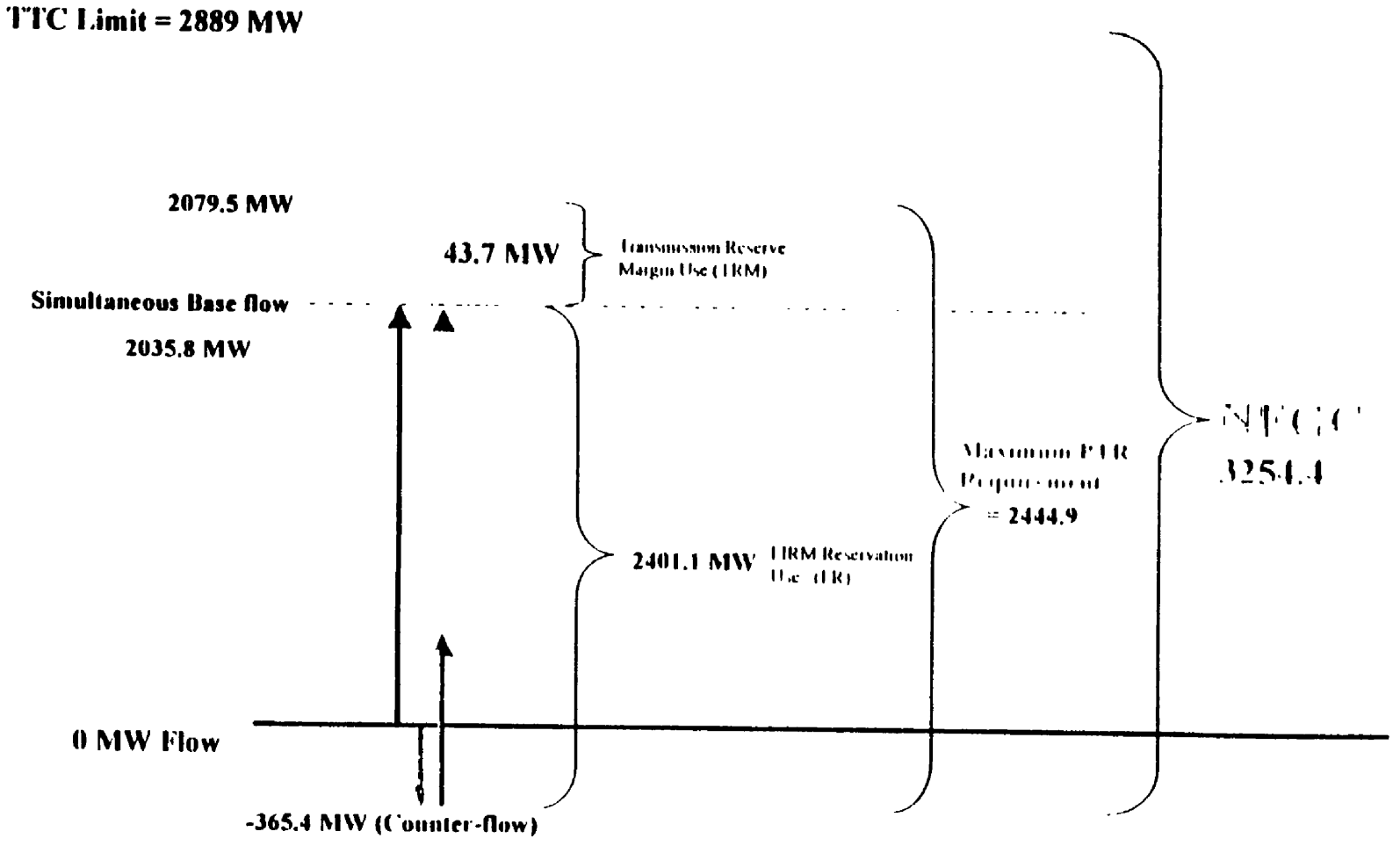
-All branches and flowgates in Florida

LOAD LEVELS

-Evaluate under specified load levels

(e.g. Peak, 90%, 80%, 70%, 60%, 50%)

NE-CNT EXAMPLE (@ Peak)



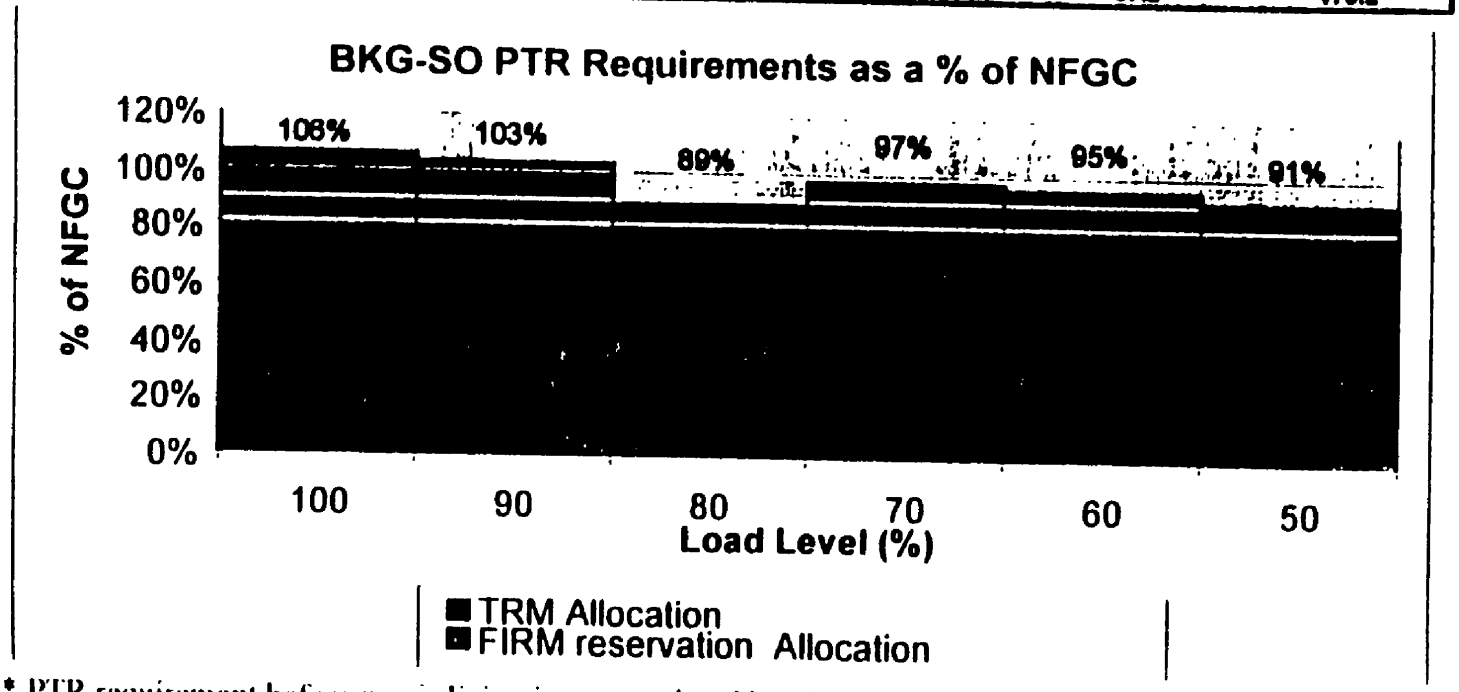
PTR Allocation Methodology

- Allocate PTR's on a flowgate based on planned FIRM usage plus TRM share, if applicable.
- A FIRM user with no greater impact on the flowgate due to a resource unavailable is allocated their usage amount based on all facilities available.
- When the total flowgate allocation requirement exceeds the Net Flowgate Capability (NFGC), each FIRM user's allocation is normalized by usage ratio share to the NFGC.
- TRM is normalized first, by TRM "usage share ratio", leaving FIRM Reservation (FR) use intact. FR use is normalized when the NFGC is not sufficient to accommodate FR use with no TRM use.
- If a user's FR use is a counter-flow, TRM Share will only be allocated to such FIRM user to the extent that such FIRM user's total use becomes positive.

Summary of PTR Requirement on Studied Flowgates

Brookridge- South

	TTC 100 1610.8	TTC 90 1651.0	TTC 80 1870.9	TTC 70 1791.0	TTC 60 1914.3	TTC 50 1833.5
Base Counter-flow	-71 8	-64 4	-54 9	-38 6	-28 2	-23 6
NFGC	1682.6	1715.4	1926.8	1829.6	1942.6	1857.1
PTR Requirement	1682.6*	1715.4*	1706.7	1775.3	1845.2	1681.9
Remaining	0.0	0.0	219.1	54.3	97.2	175.2

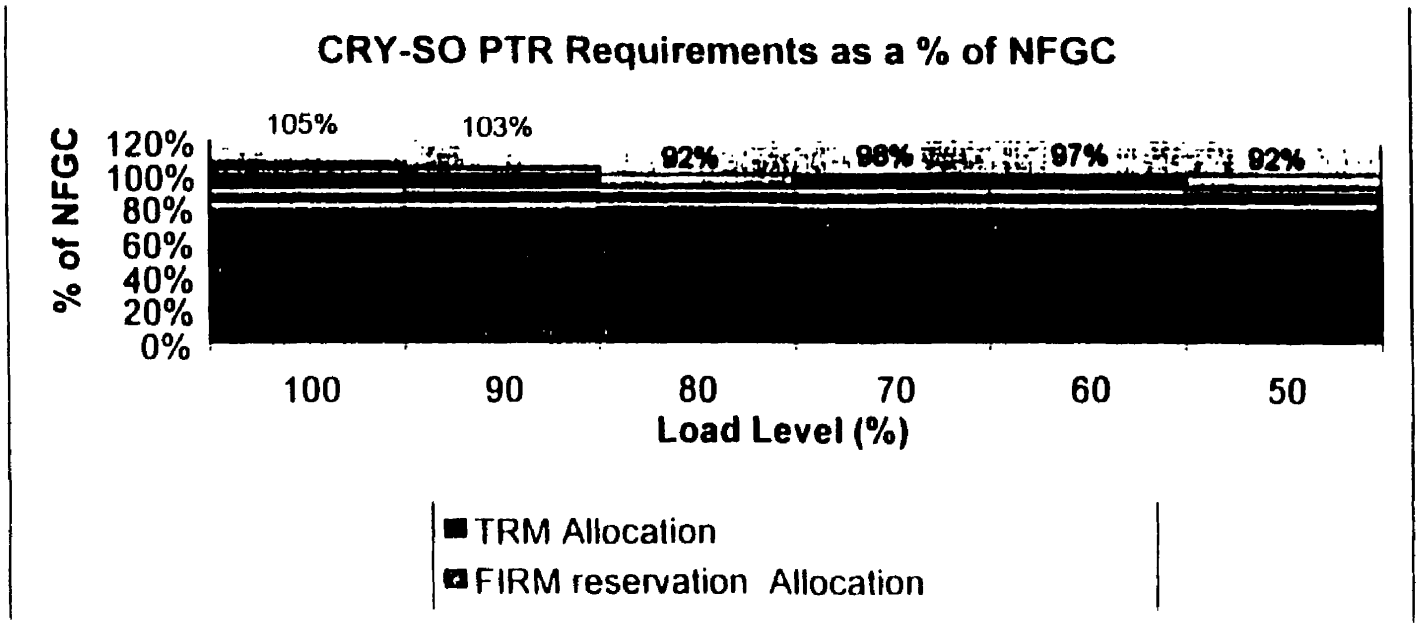


* PTR requirement before normalizing is greater than Net Flowgate Capability

Summary of PTR Requirement on Studied Flowgates

Crystal River-South

	TTC 100 1912.1	TTC 90 1918.7	TTC 80 2110.7	TTC 70 2027.9	TTC 60 2100.6	TTC 50 2016.1
Base Counter-flow	-64 8	-57 6	-48 4	-33 9	-24 2	-20 7
NFGC	1976.9	1976.3	2159.1	2061.8	2124.8	2036.8
PTR Requirement	1976.9*	1976.3*	1982.0	2011.1	2053.4	1865.1
Remaining	0.0	0.0	177.1	50.7	71.4	170.7



* PTR requirement before normalizing is greater than Net Flowgate Capability

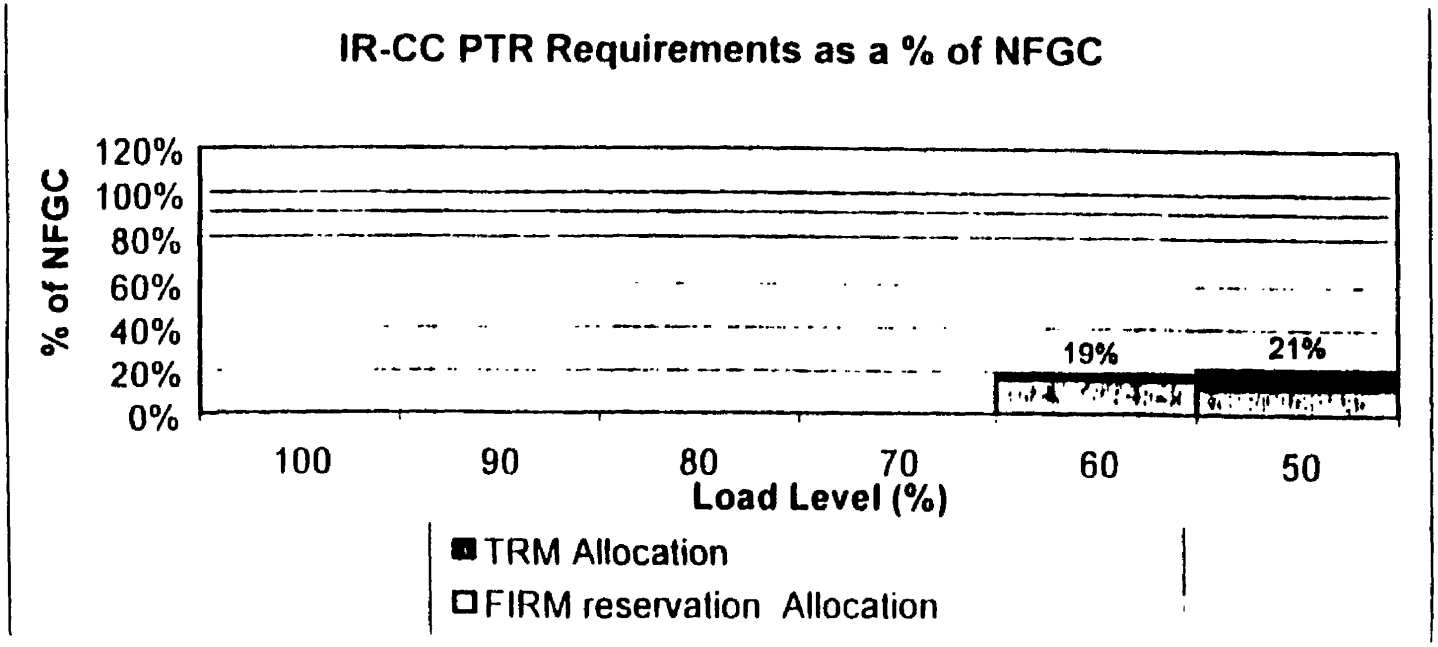
Summary of PTR Requirement on Studied Flowgates

3506

Indian River-Cape Canaveral

	TTC 100 574	TTC 90 710	TTC 80 787	TTC 70 927	TTC 60 1011	TTC 50 1018
Base Counter-flow	-304.7	-302.1	-315.3	-280.2	-339.0	-269.0
NFGC	878.7	1012.1	1102.3	1207.2	1350.0	1287.0
PTR Requirement	743.1	643.7	486.6	399.2	257.7	272.6
Remaining	135.6+	368.3+	615.7+	808.0+	1092.3	1014.4

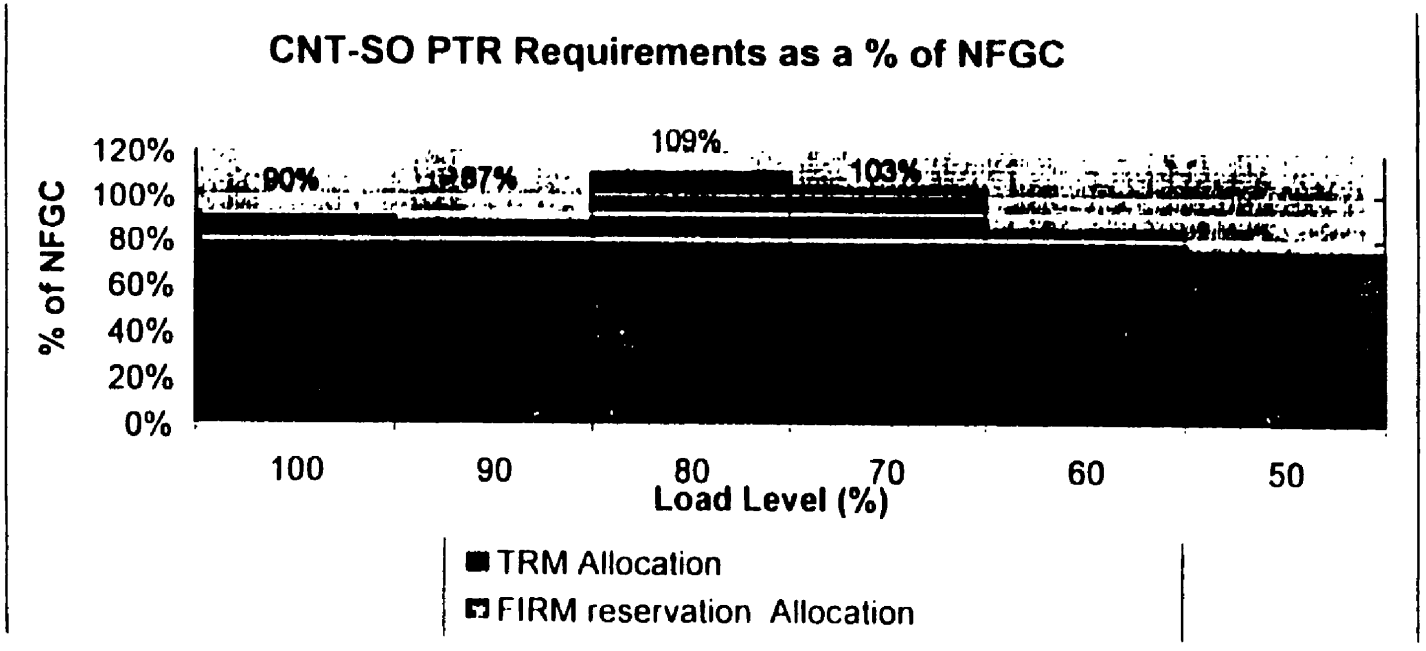
Note "+" indicates remaining PTR's is greater than indicated, however a limit could not be determined using existing generation shifts



Summary of PTR Requirement on Studied Flowgates

Central-South

	TTC 100 1460	TTC 90 1558	TTC 80 1506	TTC 70 1511	TTC 60 1498	TTC 50 1500
Base Counter-flow	-22 7	-18 1	-13 7	-10 2	-8 9	-6 9
NFGC *	1462.7	1676.1	1519.7	1521.2	1506.9	1506.9
PTR Requirement	1340.3	1375.5	1519.7*	1521.2*	1255.1	1109.8
Remaining	142.4	200.6	0.0	0.0	251.8	397.1



* PTR requirement before normalizing is greater than Net Flowgate Capability

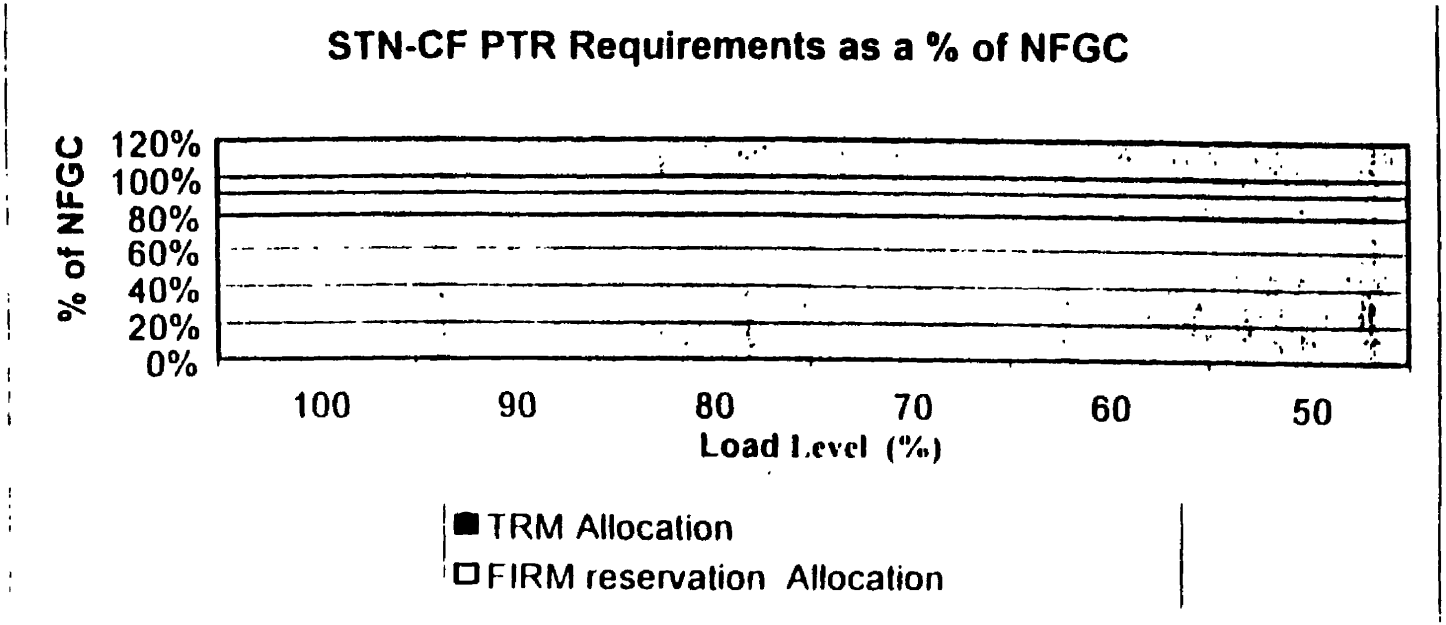
3508

Summary of PTR Requirement on Studied Flowgates

Stanton-Curry Ford

	TTC 100 502	TTC 90 524	TTC 80 610	TTC 70 546	TTC 60 388	TTC 50 304
Base Counter-flow	-161.0	-172 3	-146 0	-142 4	-22 7	-42 8
NFGC	670.0	696.3	756.0	686.4	411.7	346.8
PTR Requirement	611.5	548.9	570.6	513.5	411.7	346.8
Remaining	58.5+	147.4+	185.4+	174.8+	0+	0+

Note "+" indicates remaining PTR's is greater than indicated, however a limit could not be determined using existing generation shifts

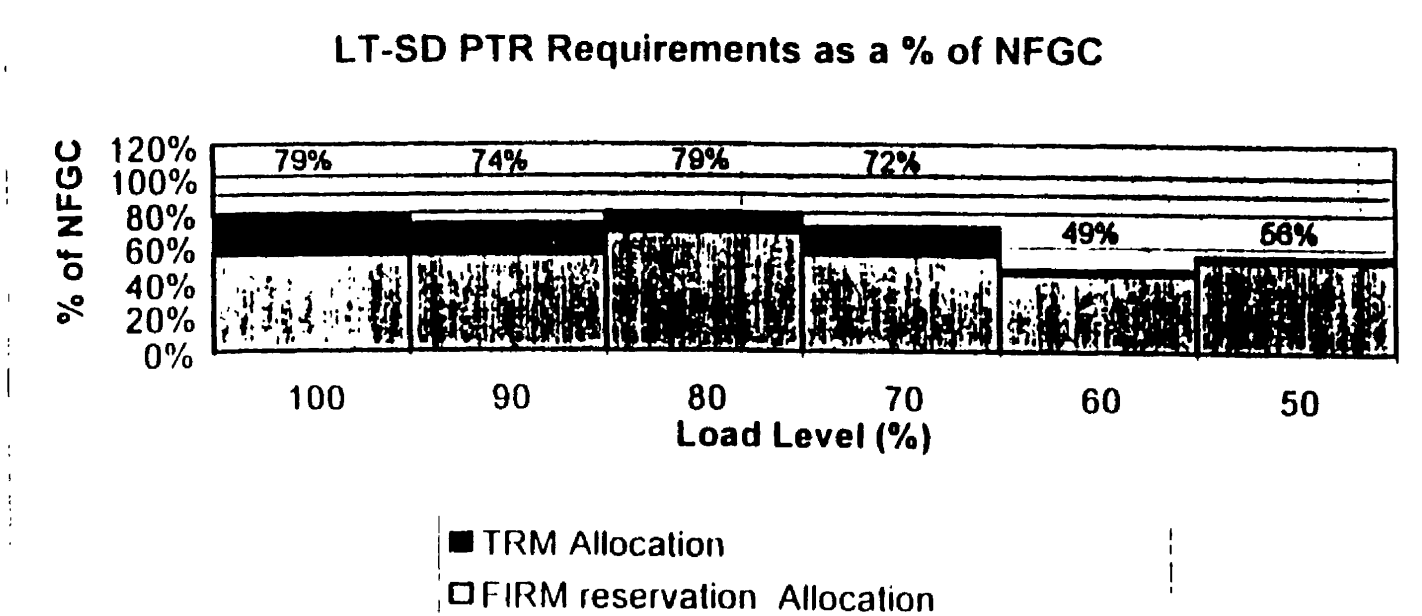


(STN-CF has been upgraded with an additional line and no limit was determined shifting existing generation.)

Summary of PTR Requirement on Studied Flowgates

Lake Tarpon-Sheldon

	TTC 100 848	TTC 90 920	TTC 80 1151	TTC 70 1092	TTC 60 1079	TTC 50 1037
Base Counter-flow	-115 4	-52 9	-41 9	-65 0	-134 1	-21 8
NFGC	963.4	972.9	1192.8	1157.0	1213.1	1058.8
PTR Requirement	760.8	722.6	945.7	837.9	590.1	587.7
Remaining	202.7	250.3	247.2	319.1	623.0	471.1

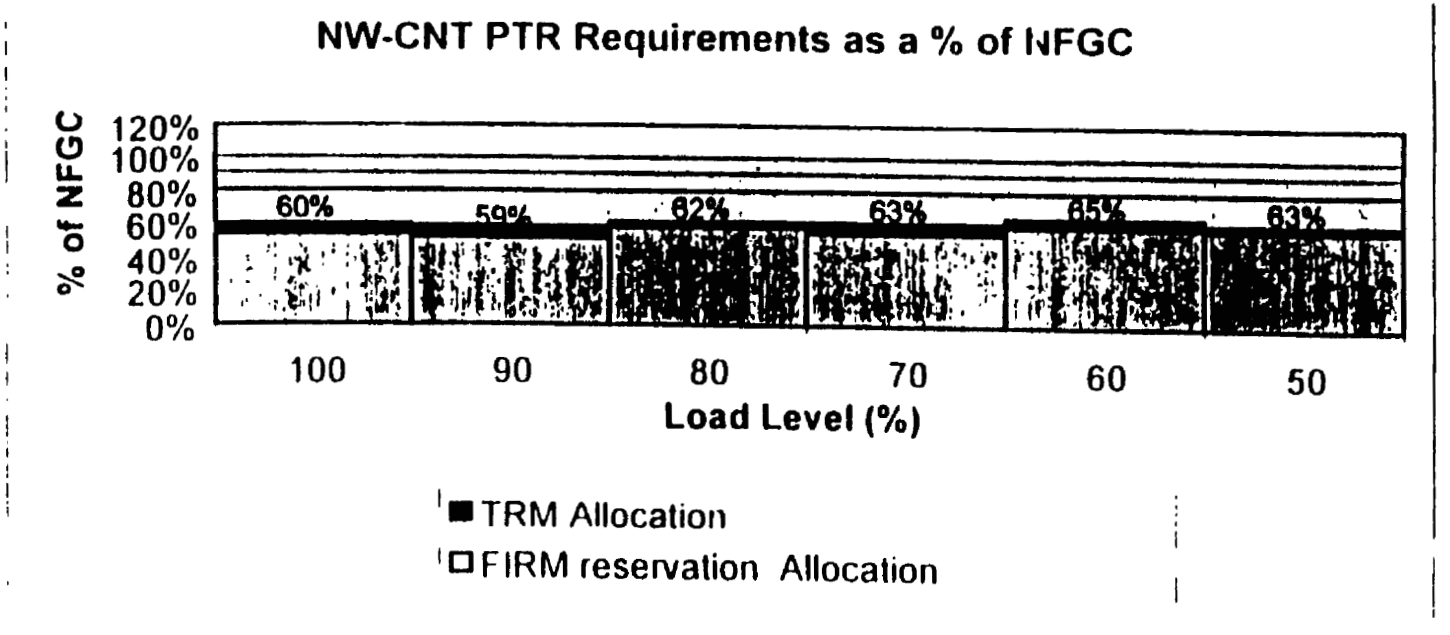


Summary of PTR Requirement on Studied Flowgates

3510

Northwest-Central

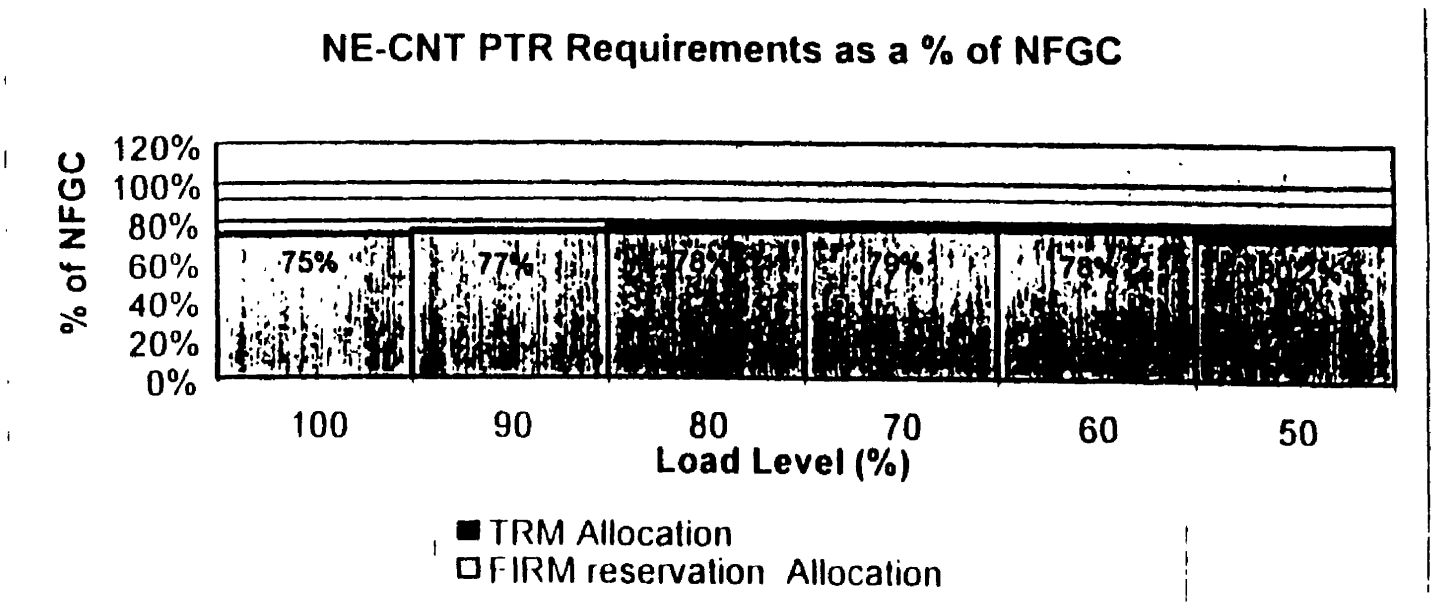
	TTC 100	TTC 90	TTC 80	TTC 70	TTC 60	TTC 50
	1113.5	1113.5	1113.5	1113.5	1113.5	1113.5
Base Counter-flow	-89 4	-85 4	-79 0	-73 3	-63 1	-58 7
NFGC	1202.9	1188.9	1192.5	1186.8	1176.6	1172.2
PTR Requirement	726.8	703.3	739.9	747.5	765.0	739.1
Remaining	476.1	485.6	452.6	439.3	411.6	433.2



Summary of PTR Requirement on Studied Flowgates

Northeast-Central

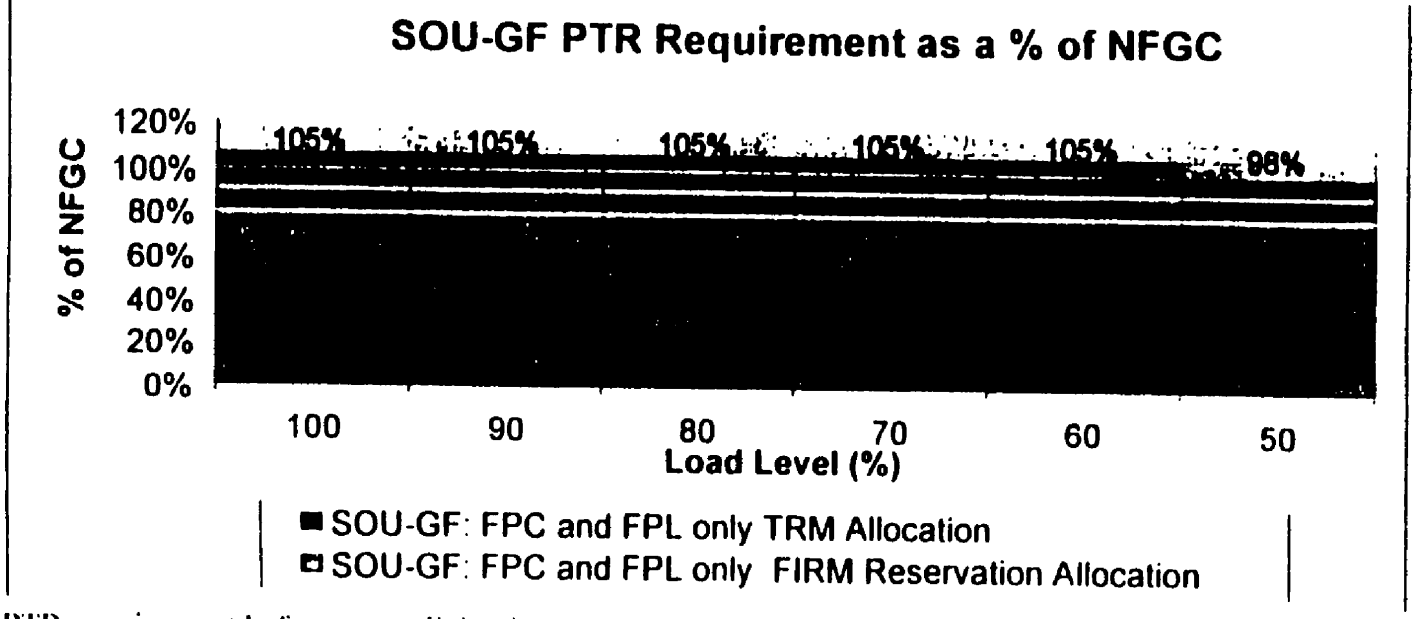
	TTC 100 2889	TTC 90 2984	TTC 80 3030	TTC 70 3088	TTC 60 3152	TTC 50 3014
Base Counter-flow	-365 4	-314 8	-265 9	-226 8	-195 8	-164 3
NFGC	3254.4	3298.8	3296.9	3314.8	3347.8	3178.3
PTR Requirement	2436.1	2528.3	2672.9	2605.9	2620.8	2550.3
Remaining	818.3	770.5	723.1	708.9	727.0	628.0



Summary of PTR Requirement on Studied Flowgates

Southern-Florida

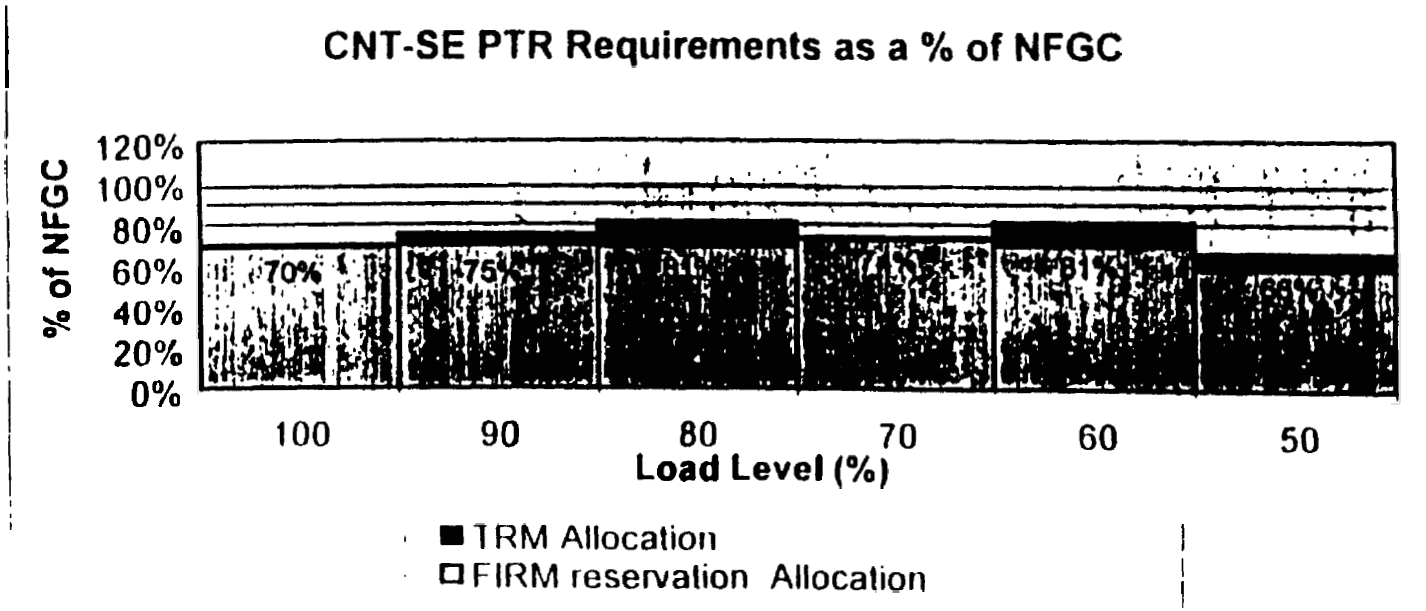
	TTC 100 3600	TTC 90 3600	TTC 80 3600	TTC 70 3600	TTC 60 3600	TTC 50 3600
Base Counter-flow	0 0	0 0	0 0	0 0	0 0	0 0
NFGC	3600.0	3600.0	3600.0	3600.0	3600.0	3600.0
PTR Requirement	3600 0	3600 0	3600 0	3600 0	3600 0	3600 0
Remaining	0.0	0.0	0.0	0.0	0.0	0.0
Southern-Grid Florida						
NFGC	2172	2172	2172	2172	2172	2172
PTR Requirement	2172 0*	2172 0*	2172 0*	2172 0*	2172 0*	2129 7
Remaining	0.0	0.0	0.0	0.0	0.0	42.3



* PTR requirement before normalizing is greater than Net Flowgate Capability

Summary of PTR Requirement on Studied Flowgates

	TTC 100 2358	TTC 90 2490	TTC 80 2174	TTC 70 2422	TTC 60 2226	TTC 50 1870
Base Counter-flow	-263 6	-291 4	-338 5	-292 8	-233 3	-215 6
NFGC	2621.6	2781.4	2612.8	2714.8	2459.3	2085.8
PTR Requirement	1827.8	2093.2	2036.2	2007.1	1985.6	1381.8
Remaining	793.8	688.2	476.4	707.7	473.6	703.8

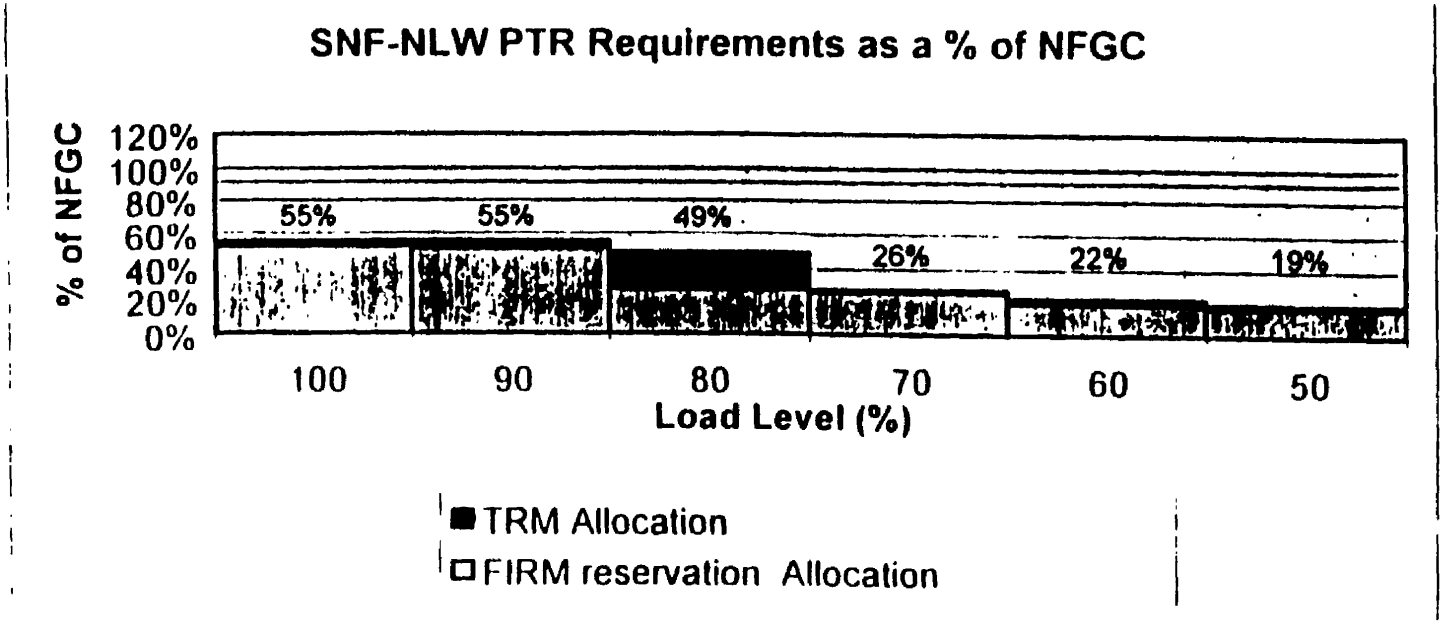


Summary of PTR Requirement on Studied Flowgates

3514

Sanford-North Longwood

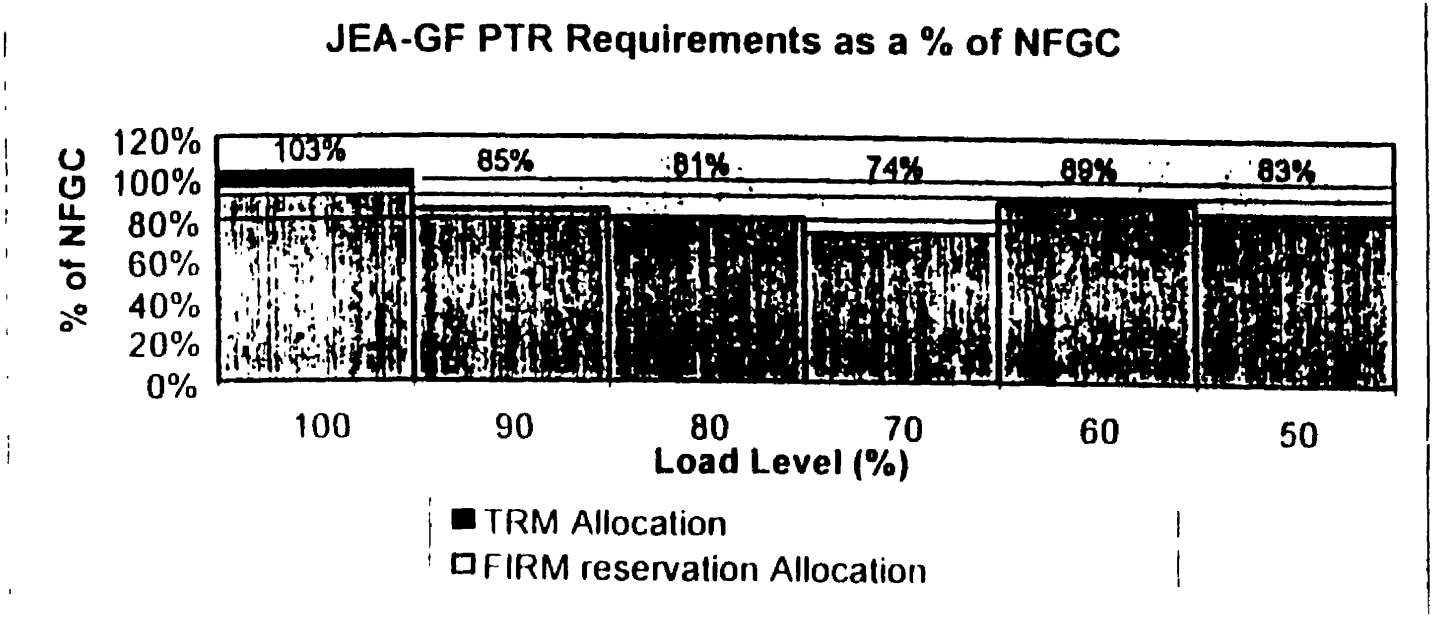
	TTC 100 1169	TTC 90 1169	TTC 80 1169	TTC 70 1169	TTC 60 1169	TTC 50 1169
Base Counter-flow	-82 3	-77 7	-76 6	-70 5	-62 6	-53 2
NFGC	1251.3	1246.7	1245.6	1239.5	1231.8	1222.2
PTR Requirement	692.3	686.4	615.5	325.2	269.5	235.2
Remaining	559.0	560.3	630.1	914.3	962.1	987.0



Summary of PTR Requirement on Studied Flowgates

Jacksonville-Grid Florida

	TTC 100 512	TTC 90 641	TTC 80 695	TTC 70 799	TTC 60 597	TTC 50 661
Base Counter-flow	-404.1	-404.1	-404.1	-404.1	-404.1	-404.1
NFGC	916.1	1045.1	1099.1	1203.1	1001.1	1066.1
PTR Requirement	916.1*	888.0	888.0	888.0	888.0	888.0
Remaining	0.0	157.1	211.1	315.1	113.1	177.1



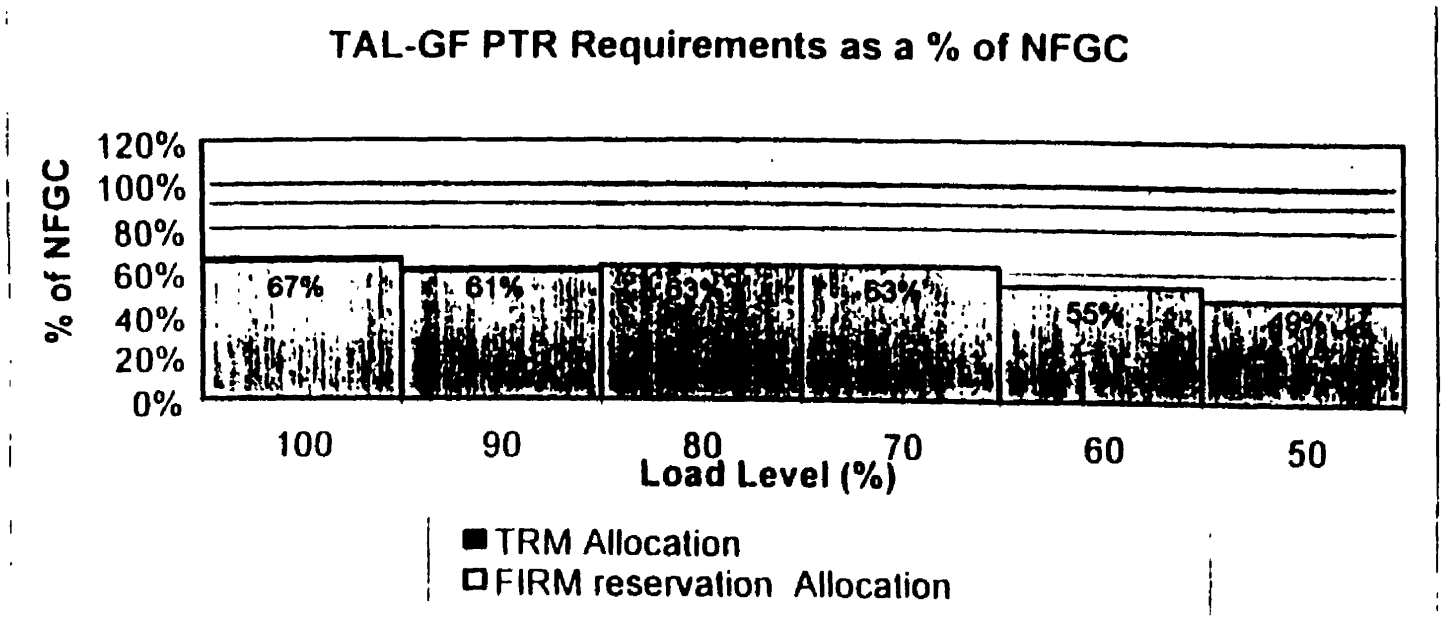
* PTR requirement before normalizing is greater than Net Flowgate Capability

Summary of PTR Requirement on Studied Flowgates

3516

Tallahassee-Grid Florida

	TTC 100	TTC 90	TTC 80	TTC 70	TTC 60	TTC 50
	249.2	266.3	248.4	235.4	250.6	245.6
Base Counter-flow	-23 9	-23 0	-22 1	-21 5	-20 0	-19 3
NFGC	273.1	289.3	270.5	256.9	270.5	264.8
PTR Requirement	182.0	177.2	171.6	162.5	148.4	129.3
Remaining	91.1	112.1	98.9	94.4	122.0	135.5



Summary of Results: PTR Requirements/Capabilities on Flowgates

- 13 flowgates X 6 load levels = 78 possible congestion scenarios examined. 12 scenarios resulted in a PTR deficiency.
- 5 flowgates (out of 13 examined) have load levels that cannot accommodate the PTR requirement without normalizing.
  - BKG-SO (@ Peak, 90%)
  - CRY-SO (@ Peak, 90%)
  - CNT-SO (@ 80%, 70%)
  - SOU-GF[1] (@ Peak, 90%, 80%, 70%, 60%)
  - JEA-GF (@ Peak)
- <u>Only</u> 1 flowgate and load level that cannot accommodate the FR requirement.
  - CNT-SO (@ 80% , 15.6 MW deficient)

[1] (Consists of FPL + FPC Southern-Florida allocation, respectively 1734 MW and 438 MW.)

Proposed Guidelines for Determining Flowgates

- Studied internal flowgates[1] that have a FIRM Reservation (FR) PTR requirement that exceeds 80% of the Net Flowgate Capability (NFGC), and a FR plus TRM PTR Requirement that exceeds 90% of the NFGC at any load level is a flowgate.

[1] Note: External connections to non-participants and other RTO's are monitored as flowgates.

Application of Guidelines to studied Flowgates

- The following studied flowgates meet or exceed proposed guidelines:
  - BKG-SO, CRY-SO, CNT-SO, SOU-GF and JEA-GF

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Congestion Management Protocol

•Load Serving Entities (LSE) individually schedule Network Resources (or non-firm resources) to meet corresponding Network Loads.

•Customers schedule FIRM Point-to-Point Transmission Service

•GridFlorida monitors and operates the transmission system tracking uses of flowgates.

•GridFlorida intervenes when use of a flowgate exceeds its capability.

•A FIRM user owns firm physical transmission rights (PTRs) on flowgates.

•A FIRM user operates on a firm basis within the amount of firm PTRs they own.

•A user may exceed its firm PTRs by acquiring non-firm PTRs, provided the use of the flowgate does not exceed its capability.

Congestion Management Protocol

When use of a flowgate exceeds its capability:

1.-GridFlorida determines which FIRM users are above their firm PTRs.

2. Requests FIRM users to limit their use to their allocated amount.

3.If FIRM users cannot reduce use of flowgate to its limit, GridFlorida implements the Congestion Management Program (CMP).

GridFlorida Congestion Management Program (CMP)

- GridFlorida requests bids
  - According to the present filing Generators must provide for the day ahead "inc" and "dec" bids applicable for every hour.
- Determine minimum cost generation shifts to relieve congestion using Congestion Management Program(CMP).

CMP- Objectives

- Given that a flowgate is congested:
  - shift generation within capacity bids.
  - use price bids to minimize the cost of generation shifts
  - reduce the use of the congested flowgate to its capability
  - keep the use of all other flowgates within their respective capabilities.
  - the net change in incremental and decremental generation must be nearly zero.

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Next Steps:

Implementation of the methods and processes the FWG has developed

Next Steps: (Flowgate Working Group)

- Once FRCC's 2001 Summer and Winter databank cases are completed (End of May)
  - Develop cases for subsequent years, by load levels
    - Agreement on transactions assumptions (subsystems, interchange, etc.)
  - Develop corresponding loadflow cases with FIRM users most critical resource to the flowgate unavailable.
    - Agreement on adjustments to transactions assumptions
    - Agreement on Economic Dispatch to replace unavailable resource.
- Perform assessment of cases developed to determine potential and need for additional flowgates in the future years
  - contingency analysis and loading on transmission facilities
- Determine flowgates.

Next Steps: (Flowgate Working Group)
(Continued)

- Calculate planned uses by FIRM users of identified flowgates for each season, by load level.
- Determine flowgate limits by season and load level.
- Calculate FIRM users' seasonal allocations, by load level, for identified flowgates.

ATTACHMENT F

SUMMARY OF COMPLIANCE WITH FERC GRIDFLORIDA ORDER

Characteristic/ Function and Topic	Order - 94 FERC ¶ 61,363 at	Commission Requirement	Change Made
Independence Participation in GridFlorida	62,327	Applicants to continue negotiating on issue of public power participation in GridFlorida and seek ways to provide more flexibility for participation	Section 2.12 of the LLC Operating Agreement and Sections 7.7.3 and 9.1 of the POMA have been amended
Independence Advisory Committee	62,328	Advisory Committee to have same right as Membership Committee to comment on the operating budget	Section 4.1 of the RTO Formation Plan has been amended
Independence Advisory Committee	62,328	Advisory Committee to serve as stakeholder committee with review over report on market design	Section 1.1 of Attachment P has been revised to give this responsibility to the Advisory Committee
Independence Advisory Committee	62,328	Advisory Committee minority view with greatest support should be presented to Board by chosen representative	Section 4.1 of the RTO Formation Plan has been revised to allow a minority report to be submitted to the Board
Independence Financial Institution Voting Rights	62,330	Must exclude as many market participant votes as are necessary to satisfy the percentage limitations after excess votes are excluded	Section VI.B of the RTO Articles of Incorporation has been amended
Independence Financial Institution Voting Rights	62,330-31	Add definitions for possible classes of market participants	Section VI.B of the RTO Articles of Incorporation has been amended

Independence Financial Institution Voting Rights	62,331	Ownership of voting securities by market participants will be subject to five year limitation on ownership, extension will require filing for a waiver	GridFlorida or any other market participant may in the future file for a waiver of the five year limitation. No change to documentation necessary.
Independence Passive Owner Voting Rights	62,332	If a passive owner is dissatisfied with a merger or consolidation decision by the Board, it must demonstrate to the Commission that the transaction would adversely impact the integrity of the passive owner's investment	Section 8.5 of the LLC Operating Agreement and Section VI.D of the RTO Articles of Incorporation amended to incorporate this change
Independence PO Management Agreement	62,334	Liability provisions in the PO Management Agreement must be deleted	The Applicants have requested rehearing on this issue and have not yet made the required change. Any change required after the Commission rules on the request for rehearing will be made at that time.
Independence PO Management Agreement	62,334	Delete language requiring participants to use "best efforts" to implement certain functions, and substitute the term "commercially reasonable efforts"	The required change has been made to the POMA
Scope Charge for Nonparticipants	62,337	Delete the proposal for 200 percent service charge on nonparticipants. Any substitute difference in service charges for regional non-participants must be adequately supported and cannot apply to non-participants outside the RTO region.	The GridFlorida OATT (Sections 3.4.1A and Schedules 7 and 8) has been revised to replace the 200 percent penalty with a provision that retains pancaked rates for non-participants. Provision limited to non-participants in the RTO region.
Operational Authority Agreement with FRCC	62,339	GridFlorida to state if it has reached an agreement with the FRCC concerning the functions specified in OATT Attachment O	A draft Memorandum of Understanding ("MOU") with the FRCC has been distributed, and work will continue on finalizing the MOU
Operational Authority Clarifications	62,338	Parties requested clarifications regarding operational authority transferred to GridFlorida	Section V.B of the Compliance Filing explains these clarifications

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Operational Authority Interchange and Interface Agreements	62,339-40	OATT Attachment T must be modified to specify that GridFlorida will administer operational provisions of interchange and interface agreements	Attachment T (Section 5.1) has been modified as required
Short-Term Reliability Improvement to Reliability	62,343	OATT Attachment O must be modified to include requirement that GridFlorida will meet with representatives from any LSE that had a point of delivery ranked in the worst 3 percent for reliability to present a plan to improve reliability	Attachment O (Section F.4) has been modified as required
Short-Term Reliability Modifications for Enhanced Reliability	62,343-44	OATT Attachment N should be modified to permit customers to make provisions for enhanced reliability at their own cost	Attachment N (and Attachment O) have been modified as required, allowing transmission customers to pay for higher design, construction, operation, and maintenance standards
Tariff Administration Generator Interconnection Service	62,345	OATT Section 42 should be modified to add explicit language that allows a GIS customer to know if a change or substitution is material and if it would materially affect interconnection requests with later queue priority dates	Explicit language has been added, allowing a GIS customer to request in writing whether a modification is material, and requiring GridFlorida to respond within 15 days
Tariff Administration Generation Interconnection Service	62,345-46	The CPV recommendations regarding GIS should be considered further	Applicants solicited and considered comments from interested parties on, and responded to, all five CPV recommendations. The Applicants' response is included in the Compliance Filing, and changes have been included in the GridFlorida OATT.
Tariff Administration Generator Interconnection Service	62,346	Procedures with regard to timing of studies and agreements should be modified to be consistent with or superior to the pro forma tariff	Procedures have been modified to conform with the pro forma tariff

Tariff Administration Generator Interconnection Service	62,346	Provision should be added allowing GIS customer to commence engineering, design, procurement and construction prior to the execution of an interconnection agreement, provided it is willing to assume the risk	A new provision has been added to the GIS procedures to reflect the Commission's suggestions
Tariff Administration Generator Interconnection Service	62,346	Provisions regarding credits for interconnection costs should be based on capacity rather then output	The OATT has been revised to reflect that credits for interconnection shall be based on capacity
Tariff Administration Transmission Pricing	62,348	Explain how proposal to retain 25 percent of short-term and non-firm revenues will increase efficiency	This provision has been deleted from the GridFlorida OATT
Tariff Administration Transmission Pricing	62,350	Applicants agreed to clarify that TDU revenue requirements must be approved, accepted, or otherwise effective for recovery	Section 8.3 of POMA and Section 12B of OATT amended
Tariff Administration Moratorium on Changes to Rate Structure	62,351	The moratorium on changes to rate design should be deleted	The Applicants have made the required change, consistent with their request for clarification that GridFlorida cannot revise the rate phase-in plan approved by the Commission
Tariff Administration Losses	62,351	Methodology on losses to be filed	The Applicants have included a loss methodology that is consistent with the calculation of base transmission rates
Tariff Administration Grid Management Charge	62,352	Parties should work together to develop a formula for calculating the Grid Management Charge, to be filed with Compliance Filing	The proposed formula has been added to Schedule 10, along with formulas for GridFlorida's New Transmission Investment (Attachment I-1) and the Scheduling charge (Schedule 1)
Tariff Administration Direct Assignment Facilities	N/A	Clarification requested to definition of Direct Assignment Facilities	Definition clarified that new facilities are rolled-in if constructed as part of GridFlorida planning process and if part of the grid

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Tariff Administration Comparable Transmission Charges	62,352	OATT Attachment T should be modified to reflect that intra-corporate dealings are treated in the same manner as other transactions	Attachment T (Sections 2.2 and 2.3) has been modified as required
Tariff Administration Existing Transmission Agreements	N/A	In their February 16, 2001 Answer, the Applicants agreed to clarify the details regarding the mechanics of contract conversions and associated allocation of PTRs for Existing Transmission Agreements for long-term firm point-to-point transmission service entered into after December 15, 2001	Section 9.1 of Attachment T to the Tariff and Section 3.3.1.1 of Attachment P to the Tariff have been amended consistent with the Applicants' Answer
Congestion Management Flowgates	62,354	Flowgate Working Group ("FWG") results to be filed with Commission for review and approval	The results of the FWG are explained in the Compliance Filing and incorporated in Attachment P
Congestion Management PTRs	62,353-54	Further explanation should be provided regarding mechanism to ensure that all available transmission capability in an hour is offered to customers and that congestion is managed efficiently on non-Flowgate facilities	All available transmission capability will be made available through NPTRs and Next-Day Buy Through Service. Requiring transmission rights on non-Flowgate facilities, the availability of Next-Day Buy Through Service, and use of incs and decs will ensure efficient congestion management on non-Flowgate facilities.
Congestion Management Next-Day Buy Through Service	62,354	Commission encourages parties to continue to refine Next-Day Buy Through Service and to submit explanation of the purpose and operations of the service in its Compliance Filing	Attachment P has been revised to clarify how Next-Day Buy Through Service will work. This service is fully explained in the Compliance Filing.
Congestion Management Two-Hour Recall	62,355-56	Further explanation should be provided as to: (1) how the two-hour recallability provision creates a disincentive to hoard; (2) how the recall provision will operate; and (3) whether this time frame will permit RTR purchasers to make alternative arrangements	An explanation has been provided in the Compliance Filing. As explained, the Applicant's have added an ability to submit an alternative bid for NPTRs, as requested during the stakeholder process.

Compliance Management Posting PTR Ownership	N/A	Applicants were requested to provide that PTR ownership be posted on OASIS	Sections 3.4.3 and 3.4.4 of Attachment P have been amended
Parallel Path Flow Procedures	62,356	Applicants must file procedures it will have in place to address parallel path flow issues on the date of initial operation	An explanation has been provided in the Compliance Filing
Ancillary Services Market Design	62,359	The market design must be refiled	The revised market design has been included in Attachment P. This market design is fully explained in the Compliance Filing.
Ancillary Services Market Design	62,359	Applicants should report on the development and schedule for developing a demand response system	This report is provided in the Compliance Filing
Ancillary Services Amendment to Balanced Schedule	62,359	Operating reserve procedures should be more clearly spelled-out. Also, a Scheduling Coordinator should be permitted to amend its balanced schedule in response to the loss of a unit and designate another resource to replace that unit.	The necessary changes have been made to Attachment P
Ancillary Services Control Areas	62,359-60	The rights of market participants under proposal concerning control areas need to be further defined	Changes to Attachment P and to Section 3 of the GridFlorida OATT have been made to clarify that GridFlorida is the provider of last resort even in the retained control areas. Further explanation also is provided in the Compliance Filing.
Ancillary Services Black Start	62,360	Explain why it is unreasonable to allow customers to self-supply black start service	As explained in more detail in the Compliance Filing, the GridFlorida OATT calls for "System Restoration Service," which cannot be self supplied

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Ancillary Services Reactive Power	62,360	Explain why customers do not need to self-supply reactive power	As explained in more detail in the Compliance Filing, GridFlorida does not ordinarily charge for reactive power and does not require any level of reactive power to be supplied or purchased by transmission customers. Therefore, there is no need to self supply reactive power.
Ancillary Services Deliverability Requirements	62,360	Clarify if a customer can self-supply Ancillary Services with demand-side resources	Attachment P has been amended to provide that demand side management may be used to supply operating reserves consistent with FRCC rules
Ancillary Services Deliverability Requirements	62,360	State whether there are any delivery requirements for ancillary services	Attachment P has been amended to provide that GridFlorida may establish locational or deliverability requirements
Ancillary Services Reactive Power	62,360	Clarify that the same reactive requirements apply to all generating units interconnected to GridFlorida, other than existing generation units that cannot satisfy that requirement	Schedule 2 of the GridFlorida OATT has been amended to incorporate this change
Ancillary Services ICE Requirements	62,362	Provide further detail and explanation	Attachment W has been revised to make clear that ICE will not be implemented until after the requirements are fully defined under the proposed FRCC/FPSC process
Market Monitoring Monitoring	62,364	Applicants agreed to clarify that the Market Monitor will monitor as well as investigate and report on the activities of GridFlorida	Section 3.1.1 of the Market Monitor Tariff has been amended
Market Monitoring Reports	62,364	Market monitoring reports should be sent simultaneously to the GridFlorida Board and the Commission	Section 3.2.1 of the Market Monitor Tariff has been amended
Market Monitoring Correction	62,364	Incorrect reference in Section 2.1.1(l) of the Information policy should be changed	Section 2.1.1(1) has been amended to refer to Section 2.3.1

Market Monitoring Market Rules	62,364-65	Describe market rules that Market Monitor will enforce	Applicants submit that market rules cannot be fully developed until the Commission approves GridFlorida's market design. Applicants intend to file market rules for Commission approval shortly after gaining Commission market design approval.
Market Monitoring OASIS Posting	62,365	The Market Monitor Tariff should be revised to require posting on OASIS of matters rejected by MonitorCo's Board	The appropriate changes have been made to the Tariff
Planning & Expansion ADR	62,366	Add ADR provisions for disputes regarding cancelled 10 year plans	Provisions in Attachment N have been deleted and modified to allow for dispute resolution where there is proposed cancellation of 10-year plans
Planning & Expansion Planning Process	62,367	Final planing and expansion plans should be made transparent	Attachment N emphasizes the commitment to an open participatory process and posting of the Final Transmission Expansion Plan ("FTEP") on the GridFlorida OASIS, and has been further amended to invite comments from non-participating Owners in the development of the FTEP
Planning & Expansion Transmission Planning Committee	62,367	Additional detail needs to be provided regarding the formation and membership composition of Transmission Planning Committee to ensure that all parties will be adequately represented	Attachment N to the GridFlorida OATT (Section III.1) has been revised to provide that the Transmission Planning Committee will have representatives from all of the same customer groups as the Advisory Committee
Planning & Expansion Long-Range Planning Process	62,367	Detail needs to be provided regarding the long-range planning process to show how it will insure efficient investments are made to increase generation and import capacity and insure reliability	Attachment N has been modified to further clarify how the GridFlorida planning process will insure efficient investments are made to increase generation and import capacity and insure reliability

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RTO FORMATION PLAN

Florida Power & Light Company ("FPL"), Florida Power Corporation ("FPC"), and Tampa Electric Company ("TEC", and collectively with FPL and FPC, the "Applicants") desire to form an RTO in the State of Florida. This RTO Formation Plan (the "Plan") is attached to the Applicants' Order No. 2000 Compliance Filing (the "Filing") filed with the Federal Energy Regulatory Commission (the "FERC"). This Plan describes the Applicants' plans to form the RTO.

ARTICLE I
Definitions

The following capitalized terms used in this Plan shall have the meanings set forth below:

"Advisory Committee" has the meaning set forth in Section 4.1 hereof.

"Affiliate" means an affiliate, as defined by the FERC in Order No. 2000.

"Articles of Incorporation" means the Articles of Incorporation of GF Inc., attached hereto as Exhibit A.

"Articles of Organization" means the Articles of Organization of GridFlorida LLC, attached hereto as Exhibit C.

"Board Selection Committee" has the meaning set forth in Section 3.1 hereof.

"Business Day" means any day (other than a day which is a Saturday, Sunday or legal holiday in the State of Florida).

"By-Laws" means the By-Laws of GF Inc., attached hereto as Exhibit B.

"CEO" has the meaning set forth in Section 3.5 hereof.

"Code of Conduct" means the Code of Conduct as applicable to GF Inc. and GridFlorida LLC, as approved by the FERC and in effect from time to time.

"Compliance Auditor" has the meaning set forth in Section 5.1 hereof.

"Divestiture Notice" means a written letter of intent delivered by a transmission owner to the Applicants and filed with the FERC (no later than thirty days following the date on which the FERC issues its initial order approving this Plan) stating that such transmission owner intends to divest its transmission facilities to GridFlorida LLC in exchange for a non-managing member interest in GridFlorida LLC as contemplated by the Operating Agreement, and setting forth the terms and conditions of such transmission owner's proposal to effect such divestiture.

"FERC" means the Federal Energy Regulatory Commission, or any successor entity thereto.

"Initial Designation" has the meaning set forth in Section 4.3 hereof.

"Member and Shareholder Agreement" means that certain Member and Shareholder Agreement, attached hereto as Exhibit F.

"Operating Agreement" means the Limited Liability Company Operating Agreement for GridFlorida LLC, attached hereto as Exhibit D.

"Order No. 2000" means Order No. 2000 issued by the FERC and all supplements and amendments thereto that are effective as of the date hereof.

"Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, governmental entity or any department or agency thereof.

"Plan" means this RTO Formation Plan together with all of the Exhibits attached hereto.

"Pooled Stakeholder" has the meaning set forth in Section 4.3 hereof.

"RTO" means an RTO as defined by Order No. 2000, or any subsequent order or rulemaking issued or made by the FERC relating to the same.

"GF Inc." means that certain Florida corporation to be formed by the Applicants as contemplated herein, which corporation shall serve as the managing member of the GridFlorida LLC contemplated to be formed hereby.

"GridFlorida LLC" means that certain Florida limited liability company to be formed by the Applicants as contemplated herein, which limited liability company shall serve as, and hold the transmission assets to be operated by, the RTO contemplated to be formed hereby.

"Immediate Family" means, with respect to a person, such person's spouse and dependent children.

"Market Monitor" has the meaning set forth in Section 6.6 hereof.

"Market Monitoring Corporation" has the meaning set forth in Section 6.2 hereof.

"Market Participant" has the meaning ascribed to such term in Order No. 2000.

"Monitor Search Firm" has the meaning set forth in Section 6.3 hereof.

"Search Firm" has the meaning set forth in Section 3.3 hereof.

"Subscription Agreements" means those Subscription Agreements by and between GF Inc. and each Person named as a candidate for election as an initial director of GF Inc., each in the form attached hereto as Exhibit E.

"Voting Trust Agreement" means that certain Voting Trust Agreement, attached hereto as Exhibit G.

ARTICLE II
Formation of GF Inc. and GridFlorida LLC

2.1. RTO. The Applicants intend to form an RTO in the State of Florida by effecting the formation of GridFlorida LLC, which will serve as, and hold the transmission assets that will be operated by, such RTO and the formation of GF

Inc., which will serve as the managing member of such RTO, all as contemplated by this Plan. FPL (through one or more of its affiliates) intends to contribute all of its transmission assets to GridFlorida LLC as soon as practicable following the formation of GF Inc., subject to all required regulatory approvals, in exchange for a member interest in GridFlorida LLC. Immediately following GridFlorida LLC's issuance of such member interest to FPL (or one or more of its affiliates, as the case may be), FPL (or one or more of its affiliates, as the case may be) shall convert a portion of such member interest into that number of shares of Class B Common Stock of GF Inc. into which such portion of such member interest would be convertible pursuant to the formula set forth in Section 3.1 of the Member and Shareholder Agreement, which conversion shall cause GF Inc. to become the managing member of GridFlorida LLC. Coterminous with such conversion by FPL (or one or more of its affiliates, as the case may be), each member of the Board of Directors of GF Inc. shall purchase fifty (50) shares of Class A Common Stock of GF Inc., as contemplated by each such director's Subscription Agreement, immediately following which GF Inc., FPL and any other entity then contributing its transmission assets to GridFlorida LLC shall execute and deliver the Operating Agreement.

2.2. GF Inc.. The Applicants shall use all commercially reasonable efforts to cause, as soon as practicable following the selection of the initial board of GF Inc., as contemplated by Article III hereof, the formation of GF Inc. as a Florida corporation, including, without limitation, filing, or causing to be filed, the Articles of Incorporation, in the form attached hereto as Exhibit A, with the Secretary of State of the State of Florida, causing GF Inc. to adopt the By-Laws, in the form attached hereto as Exhibit B, and taking, or causing to be taken, any and all such further actions as shall be necessary to effect the formation of GF Inc. as contemplated hereby and in the Articles of Incorporation and the By-Laws.

2.3. GridFlorida LLC. The Applicants shall use all commercially reasonable efforts to cause, as soon as practicable following the date on which the FERC issues its initial order approving this Plan, the formation of GridFlorida LLC as a Florida limited liability company, including, without limitation, filing, or causing to be filed, the Articles of Organization, in the form attached hereto as Exhibit C, with the Secretary of State of the State of Florida, and taking, or causing to be taken any and all such further actions as shall be necessary to effect the formation of GridFlorida LLC. As soon as practicable following the formation of GF Inc., and as specifically contemplated by Section 2.1 of this Plan, the Applicants shall use all commercially reasonable efforts to execute, or cause to be executed by all the parties thereto, the Operating Agreement, in the form attached hereto as

Exhibit D, and to take, or cause to be taken, any and all such further actions as shall be necessary to effect the organization of GridFlorida LLC as contemplated by this Plan and the Operating Agreement.

2.4. Additional RTO Agreements. The Applicants shall use all commercially reasonable efforts to execute, or cause to be executed by the respective parties thereto, in each case as contemplated hereunder, the Subscription Agreements, in the form attached hereto as Exhibit E, the Member and Shareholder Agreement, in the form attached hereto as Exhibit F, and the Voting Trust Agreement, in the form attached hereto as Exhibit G, and to take, or cause to be taken, any and all such further actions as shall be necessary to effect the transactions contemplated hereby or thereby.

ARTICLE III
Initial Board Selection

3.1. Board Selection Committee. A board selection committee (the "Board Selection Committee") shall be established which shall be charged with the responsibility of selecting the initial slate of directors for GF Inc. The Board Selection Committee shall consist of one representative from each entity that has given a Divestiture Notice and one representative from each of the following stakeholder groups: (i) investor owned utilities that are, or as of September 1, 2000 were, owners of transmission facilities in the markets served by GridFlorida LLC and that have not given a Divestiture Notice; (ii) electric utilities that distribute electricity at retail in the markets served by GridFlorida LLC; (iii)generation and transmission cooperatives and municipal joint action agencies that sell electricity at wholesale in the markets served by GridFlorida LLC; (iv) entities that own or are developing generation facilities whose output will be delivered over facilities owned or controlled by GridFlorida LLC; (v) power marketers and brokers; and (vi) governmental or non-profit organizations that are not utilities, represent end-use consumers' economic or environmental interests and are located within the geographic region in which GridFlorida LLC provides transmission services. Each stakeholder group identified in clauses (i) through (vi) of the immediately preceding sentence shall determine the method for selecting its representative to serve on the Board Selection Committee. No single entity (including affiliates and other entities with which there is a pending merger) shall participate in more than one stakeholder group or have more than one representative on the Board Selection Committee. As soon as practicable following the formation of the Board Selection Committee, the Board

Selection Committee shall meet to elect a chairman and a vice-chairman and to determine all procedures that are necessary or advisable for the Board Selection Committee to take action and conduct its affairs in accordance with the terms of this Plan.

3.2. Director Qualifications. In addition to the qualifications for directors of GF Inc. contained in the Articles of Incorporation and the By-Laws, those persons chosen to serve as initial directors of GF Inc. shall also have qualifications equivalent to those of directors of public corporations with equivalent or larger revenues and assets than that anticipated for GF Inc. and that such initial directors shall reflect, as much as is practicable, a mix of backgrounds and experience, provided, however, that experience in the electric industry is not a prerequisite. In addition, those persons selected as such initial directors shall be of a caliber that will engender credibility in the marketplace, maximize the value of an initial public offering of GF Inc. and provide GF Inc. with quality and experienced leadership. The Board Selection Committee shall require the Search Firm (as defined below) to select and consult with a nationally recognized investment banking firm concerning the qualifications of directors necessary to achieve the foregoing goals. At least six of such initial directors shall be or have been a president, chief executive officer, chief operating officer or director of at least one publicly traded corporation, and no such initial director shall be 72 years of age or older.

3.3. Search Firm. The Board Selection Committee shall retain one of the following nationally recognized search firms: Korn Ferry International, Heidrick & Struggles International or Russell Reynolds (such firm selected, the "Search Firm") to propose to the Board Selection Committee eight primary candidates and four alternate candidates for election as initial directors of GF Inc., which candidates must (i) satisfy all of the qualifications described in Section 3.2 hereof, the Articles of Incorporation and the By-Laws (except that only six of the primary candidates and three of the alternate candidates must be or have been a president, chief executive officer, chief operating officer or director of at least one publicly traded corporation) and (ii) agree, if elected, to serve as directors of GF Inc., execute a Subscription Agreement as contemplated by Section 3.6 hereof, execute the Voting Trust Agreement as contemplated by Section 3.6 hereof, and take all such other actions required to be taken by the directors of GF Inc. as contemplated under this Plan. The Board Selection Committee shall require the Search Firm to propose its pool of candidates to the Board Selection Committee as soon as practicable following its retention of the Search Firm but in no event later than [June 1, 2001]. Except for such disclosure as may be necessary for customary reference checks and for advising individuals

proposed by the Search Firm of the names of other individuals so proposed, the identities of those individuals proposed by the Search Firm to the Board Selection Committee shall be kept in the strictest confidence by both the Search Firm and the Board Selection Committee and shall not be shared with any other Person; provided, however, that the Board Selection Committee shall publicly declare its slate of candidates for election as initial directors of GF Inc. pursuant to Section 3.4 hereof. The Search Firm and all members of the Board Selection Committee shall be required to execute a standard confidentiality agreement to such effect.

3.4. Selection Process. Upon receipt from the Search Firm of its proposed pool of candidates, the Board Selection Committee shall have the discretion to replace up to four individuals identified by the Search Firm as the primary candidates with individuals identified by the Search Firm as alternate candidates; provided, however, that the affirmative vote of a majority of the representatives to the Board Selection Committee shall be required to so replace any such primary candidates. Following any such replacements, the Board Selection Committee shall declare the resultant group of eight candidates as its slate of candidates for election as initial directors of GF Inc. and shall determine the class of directors in which each such candidate shall serve in accordance with the Articles of Incorporation, provided, however, that the CEO (as defined and selected below) shall serve in the class of directors having the term with the latest expiration date.

3.5. CEO Selection. As soon as practicable following the Board Selection Committee's declaration of its slate of candidates, the Board Selection Committee shall require, and use all commercially reasonable efforts to cause, such candidates to meet and select an individual who satisfies the independence requirements of the Articles of Incorporation and the By-Laws to serve as the initial chief executive officer (the "CEO") and chairman of GF Inc.

3.6. Election of Directors and Initial Meeting. As soon as practicable following the selection of the CEO, the Applicants shall cause the Board Selection Committee's slate of candidates and the CEO to be elected or named as initial directors of GF Inc., in such classes as are determined under Section 3.4 hereof, and shall require such persons to cause the CEO to be elected as chairman of GF Inc. in the following manner: (i) each Person identified on the Board Selection Committee's slate of candidates or as the CEO shall execute a Subscription Agreement, in the form attached hereto as Exhibit E; (ii) the names of such Persons shall be listed as the initial directors of GF Inc., designated in such classes as are determined under Section 3.4 hereof, in the Articles of Incorporation, which Articles of Incorporation

shall be filed with the Secretary of State of the State of Florida, as contemplated by Section 2.2 hereof; (iii) as soon as practicable thereafter, the directors of GF Inc. shall hold their initial meeting of the board of directors of GF Inc., at which meeting such directors shall (u) authorize the issuance to each director, in accordance with such director's Subscription Agreement, fifty (50) shares of Class A Common Stock of GF Inc. at a price per share of twenty dollars ($20), which shares, upon receipt of consideration therefor and following their issuance, shall be the only outstanding shares of Class A Common Stock of GF Inc., and authorize the coterminous issuance to FPL (or one or more of its affiliates, as the case may be) shares of Class B Common Stock of GF Inc. in connection with the conversion of a portion of the member interest of FPL (or one or more of its affiliates, as the case may be) in GridFlorida LLC, as contemplated by Section 2.1 of this Plan, (v) approve the By-Laws as the By-Laws for GF Inc., (w) elect the CEO as chairman and chief executive officer of GF Inc.; (x) authorize GF Inc.'s execution and delivery of the Operating Agreement and the Member and Shareholder Agreement; (y) appoint the Compliance Auditor (as contemplated by Section 5.1 hereof) as the independent compliance auditor of GF Inc. (but not the independent public accountant for GF Inc.) and require the Compliance Auditor to perform those duties described in Section 5.2 hereof; and, (z) take such other action as such directors deem necessary in order to consummate the transactions contemplated hereby; and (iv) immediately upon the issuance of shares of Class A Common Stock of GF Inc. to each director, each such director shall execute the Voting Trust Agreement.

3.7. Compensation. The directors and the CEO of GF Inc. shall be compensated, in accordance with the Articles of Incorporation and the By-Laws, commensurate with the compensation of directors and chief executive officers of companies of comparable size and business activity, recognizing, however, that initially, GF Inc. will be a start-up company.

ARTICLE IV
Advisory Committee

4.1 Advisory Committee. An advisory committee (the "Advisory Committee") shall be established which shall be charged with advising the management and board of directors of GF Inc. on matters of concern to the Advisory Committee. A designated representative of the Advisory Committee shall be entitled to: (i) prepare and submit written recommendations and reports, at any time, to the board of directors and senior management of GF Inc.; (ii) meet and confer with

senior management of GF Inc., at least once during each calendar quarter, on matters of concern or interest to the Advisory Committee; and (iii) make presentations to the board of directors of GF Inc. at regularly scheduled board meetings on matters that a majority of the members of the Advisory Committee agree are of sufficient importance that they merit board attention (provided, however, that this right shall be exercised by the Advisory Committee with discretion and is reserved primarily for instances when efforts to address concerns through GF Inc.'s management prove unsatisfactory). In addition, the Advisory Committee may review and comment on (but will not have a right to approve) the annual operating budget prepared by GF Inc. for GridFlorida LLC. The representatives of the Advisory Committee that share the minority view with the greatest support related to a matter to be presented to the board of directors of GF, Inc. may select a representative to present to such Board such minority view. Members of the Advisory Committee shall have reasonable and timely access to information concerning GF Inc.'s operation of GridFlorida LLC's assets, in a manner consistent with GF Inc.'s information policy. Neither GF Inc. nor GridFlorida LLC shall have the right to amend or abridge the entitlements set forth in this Section 4.1 without the prior written consent of the FERC. In addition to the foregoing, the Advisory Committee shall perform such other functions as may be provided herein or as may be assigned to the Advisory Committee from time to time.

4.2 Representatives. The Advisory Committee shall consist of up to thirteen representatives (or less if each seat on the Advisory Committee is not filled), with each of the following stakeholder groups being entitled to appoint up to that number of representatives that follows: (i) three representatives of investor owned utilities that are, or as of September 1, 2000 were, owners of transmission facilities in the markets served by GridFlorida LLC; (ii) two representatives of electric utilities that distribute electricity at retail in the markets served by GridFlorida LLC; (iii) two representatives of generation and transmission cooperatives and municipal joint action agencies that sell electricity at wholesale in the markets served by GridFlorida LLC; (iv) two representatives of entities that own or are developing generation facilities whose output will be delivered over facilities owned or controlled by GridFlorida LLC; (v) two representatives of power marketers and brokers; and (vi) two representatives of governmental or non-profit organizations that are not utilities, represent end-use consumers' economic or environmental interests and are located within the geographic region in which GridFlorida LLC provides transmission service, provided, however, that one representative from this stakeholder group shall be from the Florida Office of Public Counsel, unless the Florida Office of Public Counsel declines to serve on the Advisory Committee. Notwithstanding any other provision hereof to the contrary, no single Market Participant, including its affiliates

and entities with which a merger is pending, shall participate in more than one stakeholder group or have more than one representative to the Advisory Committee. Each stakeholder group shall establish a procedure for rotating its representatives to the Advisory Committee so as to provide each member of a stakeholder group with a reasonable opportunity to serve as one of such stakeholder group's representatives to the Advisory Committee.

4.3 Participation of Market Participants. No Market Participant may join as a member of any of the stakeholder groups identified in Section 4.2 hereof, unless such Market Participant first (i) submits an application indicating its primary activity or activities in the markets served by GridFlorida LLC qualifying it to be a member of the stakeholder group identified in its Initial Designation (as defined below), together with a membership fee in the amount of $10,000 payable to the Advisory Committee, and (ii) agrees to pay to the Advisory Committee an annual fee in the amount of $5,000, which fees shall be used to pay for the formation and operating expenses of the Advisory Committee and its subcommittees. The level and disposition of membership fees and annual fees may be reviewed and amended from time to time by a majority vote of the Advisory Committee. In connection with making an application described above, each Market Participant shall notify the chairman of the Advisory Committee of the stakeholder group in which it intends to participate (a Market Participant's "Initial Designation"). Each year thereafter, a Market Participant may make a written request to the chairman of the Advisory Committee to redesignate its Initial Designation to permit it to participate in a different stakeholder group. The chairman of the Advisory Committee shall notify the members of the Advisory Committee of any Market Participant's Initial Designation and/or request for redesignation. Members of the Advisory Committee shall have fifteen days following any such notification within which to file with the chairman of the Advisory Committee a written protest of any such Initial Designation or request for redesignation. In the event of any such protest, the Advisory Committee shall vote to approve or disapprove of the Initial Designation or request for redesignation at issue, based upon the Advisory Committee's assessment of whether the Market Participant making such Initial Designation or request for redesignation meets the qualifications of the stakeholder group that it has designated. If no such protest is received within the aforementioned fifteen day period, the Initial Designation or request for redesignation, as the case may be, shall be deemed to be administratively approved. In connection with the foregoing, (i) any two or more Market Participants may join together to form a single applicant (such Market Participants together, a "Pooled Stakeholder") for purposes of joining a stakeholder group, provided however, that no Market Participant may participate in more than

one Pooled Stakeholder and a Pooled Stakeholder shall be entitled to only one vote in any meeting of the stakeholder group that it is permitted to join, and (ii) in no event shall any Market Participant (or Pooled Stakeholder), including its affiliates and entities with which a merger is pending, be permitted to join as a member of more than one such stakeholder group or be represented by more than one representative to the Advisory Committee.

4.4 Meetings of the Advisory Committee. As soon as practicable following the formation of the Advisory Committee, the Advisory Committee shall meet to adopt By-Laws for the Advisory Committee and to elect from among the representatives to the Advisory Committee a chairman, a vice-chairman and a secretary, in accordance with the terms of such By-Laws. Thereafter, the Advisory Committee shall meet at the call of the chairman of the Advisory Committee and as otherwise prescribed by the By-Laws, but in no event less frequently than semi-annually. Notice of Advisory Committee meetings shall be given to all stakeholders who are current in the payment of their annual fees. The Advisory Committee shall invite to attend its meetings representatives of the Florida Public Service Commission as well as members of the staff of the FERC, any of whom may participate fully in Advisory Committee proceedings on a non-voting basis.

4.5 Conduct of Business. The Advisory Committee shall comply with the following provisions: (i) each representative to the Advisory Committee shall have one vote; (ii) a majority of the representatives then currently appointed to the Advisory Committee shall constitute a quorum for the conduct of business; (iii) the affirmative vote of a majority of the representatives present and voting at a meeting of the Advisory Committee at which a quorum is present shall constitute the action of the Advisory Committee; (iv) each stakeholder group may direct its representatives to vote in such a manner as to split the votes allocated to the representatives of such stakeholder group into an affirmative component and a negative component, based on the individual votes of the Market Participants (and Pooled Stakeholders) participating in such stakeholder group, in direct proportion to the votes cast for and against a particular matter by such Market Participants (and Pooled Stakeholders), rounded to two decimal places; (v) in the event that the representatives present and voting at a meeting of the Advisory Committee are unable to unanimously agree on any issue addressed by the Advisory Committee during one of its meetings, minority opinions regarding any such issue shall be presented to the management and/or board of directors of GF Inc.

ARTICLE V
Independent Compliance Auditing

5.1. Appointment of Compliance Auditor. The Advisory Committee shall select a firm that (i) is one of the ten largest accounting firms in the United States, (ii) is not the independent public accountant for either GF Inc. or GridFlorida LLC, and (iii) is not otherwise affiliated with GF Inc., GridFlorida LLC, any member of GridFlorida LLC, any holder of shares of Class B Common Stock of GF Inc., or any Market Participant (such firm selected, the "Compliance Auditor") to serve as the independent compliance auditor of GF Inc. and GridFlorida LLC. As soon as practicable following the Advisory Committee's selection of the Compliance Auditor, the board of directors of GF Inc. shall appoint the Compliance Auditor as the independent compliance auditor of GF Inc.

5.2. Responsibilities of Compliance Auditor. GF Inc. shall require the Compliance Auditor to develop and implement a system of independent compliance auditing to (i) ensure that the limitations on stock ownership and the director, officer and employee independence requirements contained in the Articles of Incorporation, the By-Laws and the Code of Conduct are fully satisfied and (ii) audit the relationships between the holders of shares of Class B Common Stock and the members of GridFlorida LLC and GF Inc. and GridFlorida LLC to ensure that they are consistent with the requirements of Order No. 2000. The Compliance Auditor shall conduct an initial audit of the passive ownership arrangements of GF Inc. and GridFlorida LLC within two years of the effective date of the initial operations of GridFlorida LLC and every three years thereafter. In performing such duties, the Compliance Auditor shall be authorized to conduct such audits of the directors, officers and employees of GF Inc. and GridFlorida LLC as such Compliance Auditor, in its discretion, deems necessary to implement its system of independent compliance auditing. The Compliance Auditor shall be authorized to report any findings and recommendations to the FERC without the prior approval of GF Inc. or GridFlorida LLC, provided, however, that the Compliance Auditor shall request confidential treatment of any such reports or recommendations to the extent they are based on confidential corporate or personal information or data. Except as required by (or ensuring compliance with) law, the Articles of Incorporation, the By-Laws or this Plan, the Compliance Auditor shall keep confidential all information relating to the security holdings of a director, officer or employee of GF Inc. or GridFlorida LLC.

5.3. Annual Compliance Affidavit. GF Inc. shall require each of its directors, officers and employees and the GridFlorida LLC shall require its officers and employees, to file annually with the Compliance Auditor an affidavit certifying that such director officer or employee is in compliance with the limitations on stock ownership and the independence requirements, as applicable, contained in the Articles of Incorporation, the By-Laws, the Limited Liability Company Operating Agreement and the Code of Conduct.

ARTICLE VI
Market Monitor

6.1 Market Monitoring Plan. The Applicants shall use all commercially reasonable efforts to execute a market monitoring plan to (i) monitor the markets served by or administered by GridFlorida LLC under its transmission tariff, (ii) ensure the development and reporting of objective information concerning the structure and operation of those markets, (iii) provide a vehicle for proposing appropriate action regarding any opportunities for efficiency improvement, market design flaws, market rule violations, and market power identified by that information, and (iv) ensure that the monitoring program is conducted in a manner that is independent, objective and consistent with safe and reliable operations of GridFlorida LLC's transmission system, and that minimizes interference with open and competitive markets.

6.2 Establishment of Market Monitoring Corporation. The Applicant shall use all commercially reasonable efforts to cause GridFlorida LLC to establish a separate, non-profit corporation with a three person board to carry out the market monitoring function provided for in this Article VI (the "Market Monitoring Corporation").

6.3 Selection of Board of Directors of Market Monitoring Corporation. GridFlorida LLC shall retain one of the following nationally recognized search firms: Korn Ferry International, Heidrick & Struggles International or Russell Reynolds (such firm selected, the " Monitor Search Firm") to propose to GF Inc.'s Board of Directors and to the Advisory Committee a list of seven candidates for election as initial directors of the Market Monitoring Corporation, which candidates must satisfy all of the qualifications described below. GridFlorida LLC shall require the Monitor Search Firm to propose its pool of candidates as soon as practicable following its retention of the Monitor Search Firm. Except for such disclosure as may be necessary for customary reference checks and for advising individuals

proposed by the Monitor Search Firm of the names of other individuals so proposed, the identities of those individuals proposed by the Monitor Search Firm shall be kept in the strictest confidence by the Monitor Search Firm, the Board of Directors of GF Inc., and the Advisory Committee, and shall not be shared with any other Person. The Monitor Search Firm, all Directors of GF Inc., and all participants on the Advisory Committee shall be required to execute a standard confidentiality agreement to such effect.

Each candidate proposed by the Monitor Search Firm must be independent, i.e., satisfy the standards for independence set forth in Section 6.4 below. Each candidate proposed by the Monitor Search Firm must have extensive business experience in competitive industries. The candidates may, but need not, have experience in the electric industry. GF Inc.'s Board of Directors will choose one person from the list of candidates provided by the Monitor Search Firm to serve as a director. The Advisory Committee will choose one person from the list of candidates provided by the Monitor Search Firm to serve as a director, for which decision each representative to the Advisory Committee shall have one vote, and the candidate with the most votes shall be elected. In the event of a tie, there shall be a run-off among the tied candidates. If a tie again occurs, the Chair of the Advisory Committee will choose from among the tied candidates one individual to serve as a director. The initial two directors selected by GF Inc. and the Advisory Committee will select the third director from the remaining list of candidates proposed by the Monitor Search Firm. The initial two directors may ask the Monitor Search Firm to identify additional candidates if they cannot agree on any of the candidates from the initial list.

6.4 Independence of Directors of Market Monitoring Corporation. No person shall be nominated or elected a director of the Market Monitoring Corporation, nor may any person serve or continue to serve as a director of the Market Monitoring Corporation, unless and until such person and all members of his or her Immediate Family has no financial interest in, including the ownership of securities of, any Market Participant, except that such a person and any member of his or her Immediate Family will be permitted to own securities of a Market Participant through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segments thereof). Notwithstanding the foregoing, any such person and any member of his or her Immediate Family who holds a financial interest in a Market Participant may (i) hold such a financial interest for a period not to exceed six months following such person's initial election to the board of directors and (ii) petition (or the Market

Monitoring Corporation, on behalf of any such person and any member of his Immediate Family, may petition) the FERC for (x) an exception to the foregoing prohibition on holding any such financial interest or (y) an extension of time to dispose of any such financial interest (with respect, however, in either case to only those financial interests held by such person and any member of his or her Immediate Family at the time of such person's initial election to the Board of Directors), which exception or extension the FERC may grant if the FERC determines that the required disposition of such financial interest will result in economic hardship to such person or any member of his or her Immediate Family due to tax effects or legal restraints on the transfer of such financial interest and that granting such exception or extension will be consistent with the public interest. No person shall be in violation of the foregoing if he or she or any member of his or her Immediate Family continues his or her pre-existing participation in a qualified defined benefits pension plan and/or health benefits plan of a Market Participant for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to such person under any such pension plan do not vary with the economic performance of such Market Participant or the value of any of such Market Participant's securities held by such plan; provided, however, that if any such person is able to transfer his or her pension account to another unrelated firm without suffering adverse financial consequences in the opinion of the Board of Directors of Market Monitoring Corporation, such person shall be required to effect such transfer. In addition to the foregoing provisions, no director nor any member of his or her Immediate Family shall be an employee, director or officer of any Market Participant. For purposes of this Section 6.4, the term Market Participant shall include GF Inc. and GridFlorida LLC.

6.5 Term and Removal of Directors of Market Monitoring Corporation. Initial directors of Market Monitoring Corporation will serve terms as follows: (i) the initial director chosen by GF Inc. will serve a two year term, (ii) the initial director chosen by the Advisory Committee will serve a three year term, and (iii) the initial director chosen by the other directors will serve a four year term. Subsequent directors will serve three year terms. A new director will be chosen to replace the exiting director by the same group that selected the exiting director. For example, if the exiting director was chosen by GF Inc., GF Inc. will choose the new director. Subsequent directors must be selected from a list of at least three candidates provided by an independent search firm. A director can be removed from the board of Market Monitoring Corporation upon the affirmative vote for removal of GF Inc. and the Advisory Committee. Either GF Inc. or the Advisory Committee can move to remove a director. A new director will be chosen to replace the removed director by

the same group that selected the removed director. For example, if the exiting director was chosen by GF Inc., GF Inc. will choose the new director. Subsequent directors must be selected from a list of at least three candidates provided by an independent search firm.

6.6 Selection and Requirements of the Market Monitor. The board of directors of Market Monitoring Corporation will choose a suitably qualified individual to act as the market monitor (the "Market Monitor"). The Market Monitor must satisfy the standards for independence described in Section 6.4 above. The board of directors of Market Monitoring Corporation may remove the person acting as Market Monitor upon a majority vote; in such event, the board of directors will take timely action to replace the Market Monitor.

6.7 Selection and Requirements of Staff of Market Monitoring Corporation. The Market Monitor will be responsible for choosing necessary staff personnel of Market Monitoring Corporation. Staff personnel must satisfy the standards for independence described in Section 6.4 above.

ARTICLE VII
Planning

7.1 Planning. The Applicants shall use all commercially reasonable efforts to cause GridFlorida LLC to adopt a regional transmission planning process designed to identify and to facilitate, in a timely manner, the adoption and implementation of transmission options, including the opportunity by Market Participants to offer generation alternatives to those transmission options, that can economically relieve congestion and maintain and enhance grid efficiency and reliability. This process shall encourage and provide opportunities for meaningful, in depth participation by all Market Participants, the Florida Public Service Commission and other interested parties. In order that new generation and new transmission projects are efficiently coordinated so as to ensure reliability and efficient congestion management, for each planning period, the planning process shall include, at a minimum, early, regular and complete public disclosure, consistent with and subject to confidentiality requirements and information disclosure policies, of: (i) any transmission projects proposed or endorsed; (ii) the underlying assumptions and data on which the proposal is based; (iii) any analysis relied upon by GridFlorida LLC concerning its proposed transmission plan or generation alternatives offered by Market Participants; (iv) all documents supporting assumptions underlying the proposed plan that are challenged by participants in the planning process.

RTO FORMATION PLAN

Florida Power & Light Company ("FPL"), Florida Power Corporation ("FPC"), and Tampa Electric Company ("TEC", and collectively with FPL and FPC, the "Applicants") desire to form an RTO in the State of Florida. This RTO Formation Plan (the "Plan") is attached to the Applicants' Order No. 2000 Compliance Filing (the "Filing") filed with the Federal Energy Regulatory Commission (the "FERC"). This Plan describes the Applicants' plans to form the RTO.

ARTICLE I
Definitions

The following capitalized terms used in this Plan shall have the meanings set forth below:

"Advisory Committee" has the meaning set forth in Section 4.1 hereof.

"Affiliate" means an affiliate, as defined by the FERC in Order No. 2000.

"Articles of Incorporation" means the Articles of Incorporation of GF Inc., attached hereto as Exhibit A.

"Articles of Organization" means the Articles of Organization of GridFlorida LLC, attached hereto as Exhibit C.

"Board Selection Committee" has the meaning set forth in Section 3.1 hereof.

"Business Day" means any day (other than a day which is a Saturday, Sunday or legal holiday in the State of Florida).

"By-Laws" means the By-Laws of GF Inc., attached hereto as Exhibit B.

"CEO" has the meaning set forth in Section 3.5 hereof.

"Code of Conduct" means the Code of Conduct as applicable to GF Inc. and GridFlorida LLC, as approved by the FERC and in effect from time to time.

"Compliance Auditor" has the meaning set forth in Section 5.1 hereof.

"Divestiture Notice" means a written letter of intent delivered by a transmission owner to the Applicants and filed with the FERC (no later than thirty days following the date on which the FERC issues its initial order approving this Plan) stating that such transmission owner intends to divest its transmission facilities to GridFlorida LLC in exchange for a non-managing member interest in GridFlorida LLC as contemplated by the Operating Agreement, and setting forth the terms and conditions of such transmission owner's proposal to effect such divestiture.

"FERC" means the Federal Energy Regulatory Commission, or any successor entity thereto.

"Initial Designation" has the meaning set forth in Section 4.3 hereof.

"Member and Shareholder Agreement" means that certain Member and Shareholder Agreement, attached hereto as Exhibit F.

"Operating Agreement" means the Limited Liability Company Operating Agreement for GridFlorida LLC, attached hereto as Exhibit D.

"Order No. 2000" means Order No. 2000 issued by the FERC and all supplements and amendments thereto that are effective as of the date hereof.

"Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, governmental entity or any department or agency thereof.

"Plan" means this RTO Formation Plan together with all of the Exhibits attached hereto.

"Pooled Stakeholder" has the meaning set forth in Section 4.3 hereof.

"RTO" means an RTO as defined by Order No. 2000, or any subsequent order or rulemaking issued or made by the FERC relating to the same.

"GF Inc." means that certain Florida corporation to be formed by the Applicants as contemplated herein, which corporation shall serve as the managing member of the GridFlorida LLC contemplated to be formed hereby.

"GridFlorida LLC" means that certain Florida limited liability company to be formed by the Applicants as contemplated herein, which limited liability company shall serve as, and hold the transmission assets to be operated by, the RTO contemplated to be formed hereby.

"Immediate Family" means, with respect to a person, such person's spouse and dependent children.

"Market Monitor" has the meaning set forth in Section 6.6 hereof.

"Market Monitoring Corporation" has the meaning set forth in Section 6.2 hereof.

"Market Participant" has the meaning ascribed to such term in Order No. 2000.

"Monitor Search Firm" has the meaning set forth in Section 6.3 hereof.

"Search Firm" has the meaning set forth in Section 3.3 hereof.

"Subscription Agreements" means those Subscription Agreements by and between GF Inc. and each Person named as a candidate for election as an initial director of GF Inc., each in the form attached hereto as Exhibit E.

"Voting Trust Agreement" means that certain Voting Trust Agreement, attached hereto as Exhibit G.

ARTICLE II
Formation of GF Inc. and GridFlorida LLC

2.1. RTO. The Applicants intend to form an RTO in the State of Florida by effecting the formation of GridFlorida LLC, which will serve as, and hold the transmission assets that will be operated by, such RTO and the formation of GF

Inc., which will serve as the managing member of such RTO, all as contemplated by this Plan. FPL (through one or more of its affiliates) intends to contribute all of its transmission assets to GridFlorida LLC as soon as practicable following the formation of GF Inc., subject to all required regulatory approvals, in exchange for a member interest in GridFlorida LLC. Immediately following GridFlorida LLC's issuance of such member interest to FPL (or one or more of its affiliates, as the case may be), FPL (or one or more of its affiliates, as the case may be) shall convert a portion of such member interest into that number of shares of Class B Common Stock of GF Inc. into which such portion of such member interest would be convertible pursuant to the formula set forth in Section 3.1 of the Member and Shareholder Agreement, which conversion shall cause GF Inc. to become the managing member of GridFlorida LLC. Coterminous with such conversion by FPL (or one or more of its affiliates, as the case may be), each member of the Board of Directors of GF Inc. shall purchase fifty (50) shares of Class A Common Stock of GF Inc., as contemplated by each such director's Subscription Agreement, immediately following which GF Inc., FPL and any other entity then contributing its transmission assets to GridFlorida LLC shall execute and deliver the Operating Agreement.

2.2. GF Inc.. The Applicants shall use all commercially reasonable efforts to cause, as soon as practicable following the selection of the initial board of GF Inc., as contemplated by Article III hereof, the formation of GF Inc. as a Florida corporation, including, without limitation, filing, or causing to be filed, the Articles of Incorporation, in the form attached hereto as Exhibit A, with the Secretary of State of the State of Florida, causing GF Inc. to adopt the By-Laws, in the form attached hereto as Exhibit B, and taking, or causing to be taken, any and all such further actions as shall be necessary to effect the formation of GF Inc. as contemplated hereby and in the Articles of Incorporation and the By-Laws.

2.3. GridFlorida LLC. The Applicants shall use all commercially reasonable efforts to cause, as soon as practicable following the date on which the FERC issues its initial order approving this Plan, the formation of GridFlorida LLC as a Florida limited liability company, including, without limitation, filing, or causing to be filed, the Articles of Organization, in the form attached hereto as Exhibit C, with the Secretary of State of the State of Florida, and taking, or causing to be taken any and all such further actions as shall be necessary to effect the formation of GridFlorida LLC. As soon as practicable following the formation of GF Inc., and as specifically contemplated by Section 2.1 of this Plan, the Applicants shall use all commercially reasonable efforts to execute, or cause to be executed by all the parties thereto, the Operating Agreement, in the form attached hereto as

Exhibit D, and to take, or cause to be taken, any and all such further actions as shall be necessary to effect the organization of GridFlorida LLC as contemplated by this Plan and the Operating Agreement.

2.4. Additional RTO Agreements. The Applicants shall use all commercially reasonable efforts to execute, or cause to be executed by the respective parties thereto, in each case as contemplated hereunder, the Subscription Agreements, in the form attached hereto as Exhibit E, the Member and Shareholder Agreement, in the form attached hereto as Exhibit F, and the Voting Trust Agreement, in the form attached hereto as Exhibit G, and to take, or cause to be taken, any and all such further actions as shall be necessary to effect the transactions contemplated hereby or thereby.

ARTICLE III
Initial Board Selection

3.1. Board Selection Committee. A board selection committee (the "Board Selection Committee") shall be established which shall be charged with the responsibility of selecting the initial slate of directors for GF Inc. The Board Selection Committee shall consist of one representative from each entity that has given a Divestiture Notice and one representative from each of the following stakeholder groups: (i) investor owned utilities that are, or as of September 1, 2000 were, owners of transmission facilities in the markets served by GridFlorida LLC and that have not given a Divestiture Notice; (ii) electric utilities that distribute electricity at retail in the markets served by GridFlorida LLC; (iii)generation and transmission cooperatives and municipal joint action agencies that sell electricity at wholesale in the markets served by GridFlorida LLC; (iv) entities that own or are developing generation facilities whose output will be delivered over facilities owned or controlled by GridFlorida LLC; (v) power marketers and brokers; and (vi) governmental or non-profit organizations that are not utilities, represent end-use consumers' economic or environmental interests and are located within the geographic region in which GridFlorida LLC provides transmission services. Each stakeholder group identified in clauses (i) through (vi) of the immediately preceding sentence shall determine the method for selecting its representative to serve on the Board Selection Committee. No single entity (including affiliates and other entities with which there is a pending merger) shall participate in more than one stakeholder group or have more than one representative on the Board Selection Committee. As soon as practicable following the formation of the Board Selection Committee, the Board

Selection Committee shall meet to elect a chairman and a vice-chairman and to determine all procedures that are necessary or advisable for the Board Selection Committee to take action and conduct its affairs in accordance with the terms of this Plan.

3.2. Director Qualifications. In addition to the qualifications for directors of GF Inc. contained in the Articles of Incorporation and the By-Laws, those persons chosen to serve as initial directors of GF Inc. shall also have qualifications equivalent to those of directors of public corporations with equivalent or larger revenues and assets than that anticipated for GF Inc. and that such initial directors shall reflect, as much as is practicable, a mix of backgrounds and experience, provided, however, that experience in the electric industry is not a prerequisite. In addition, those persons selected as such initial directors shall be of a caliber that will engender credibility in the marketplace, maximize the value of an initial public offering of GF Inc. and provide GF Inc. with quality and experienced leadership. The Board Selection Committee shall require the Search Firm (as defined below) to select and consult with a nationally recognized investment banking firm concerning the qualifications of directors necessary to achieve the foregoing goals. At least six of such initial directors shall be or have been a president, chief executive officer, chief operating officer or director of at least one publicly traded corporation, and no such initial director shall be 72 years of age or older.

3.3. Search Firm. The Board Selection Committee shall retain one of the following nationally recognized search firms: Korn Ferry International, Heidrick & Struggles International or Russell Reynolds (such firm selected, the "Search Firm") to propose to the Board Selection Committee eight primary candidates and four alternate candidates for election as initial directors of GF Inc., which candidates must (i) satisfy all of the qualifications described in Section 3.2 hereof, the Articles of Incorporation and the By-Laws (except that only six of the primary candidates and three of the alternate candidates must be or have been a president, chief executive officer, chief operating officer or director of at least one publicly traded corporation) and (ii) agree, if elected, to serve as directors of GF Inc., execute a Subscription Agreement as contemplated by Section 3.6 hereof, execute the Voting Trust Agreement as contemplated by Section 3.6 hereof, and take all such other actions required to be taken by the directors of GF Inc. as contemplated under this Plan. The Board Selection Committee shall require the Search Firm to propose its pool of candidates to the Board Selection Committee as soon as practicable following its retention of the Search Firm but in no event later than [June 1, 2001]. Except for such disclosure as may be necessary for customary reference checks and for advising individuals

proposed by the Search Firm of the names of other individuals so proposed, the identities of those individuals proposed by the Search Firm to the Board Selection Committee shall be kept in the strictest confidence by both the Search Firm and the Board Selection Committee and shall not be shared with any other Person; provided, however, that the Board Selection Committee shall publicly declare its slate of candidates for election as initial directors of GF Inc. pursuant to Section 3.4 hereof. The Search Firm and all members of the Board Selection Committee shall be required to execute a standard confidentiality agreement to such effect.

3.4. Selection Process. Upon receipt from the Search Firm of its proposed pool of candidates, the Board Selection Committee shall have the discretion to replace up to four individuals identified by the Search Firm as the primary candidates with individuals identified by the Search Firm as alternate candidates; provided, however, that the affirmative vote of a majority of the representatives to the Board Selection Committee shall be required to so replace any such primary candidates. Following any such replacements, the Board Selection Committee shall declare the resultant group of eight candidates as its slate of candidates for election as initial directors of GF Inc. and shall determine the class of directors in which each such candidate shall serve in accordance with the Articles of Incorporation, provided, however, that the CEO (as defined and selected below) shall serve in the class of directors having the term with the latest expiration date.

3.5. CEO Selection. As soon as practicable following the Board Selection Committee's declaration of its slate of candidates, the Board Selection Committee shall require, and use all commercially reasonable efforts to cause, such candidates to meet and select an individual who satisfies the independence requirements of the Articles of Incorporation and the By-Laws to serve as the initial chief executive officer (the "CEO") and chairman of GF Inc.

3.6. Election of Directors and Initial Meeting. As soon as practicable following the selection of the CEO, the Applicants shall cause the Board Selection Committee's slate of candidates and the CEO to be elected or named as initial directors of GF Inc., in such classes as are determined under Section 3.4 hereof, and shall require such persons to cause the CEO to be elected as chairman of GF Inc. in the following manner: (i) each Person identified on the Board Selection Committee's slate of candidates or as the CEO shall execute a Subscription Agreement, in the form attached hereto as Exhibit E; (ii) the names of such Persons shall be listed as the initial directors of GF Inc., designated in such classes as are determined under Section 3.4 hereof, in the Articles of Incorporation, which Articles of Incorporation

shall be filed with the Secretary of State of the State of Florida, as contemplated by Section 2.2 hereof; (iii) as soon as practicable thereafter, the directors of GF Inc. shall hold their initial meeting of the board of directors of GF Inc., at which meeting such directors shall (u) authorize the issuance to each director, in accordance with such director's Subscription Agreement, fifty (50) shares of Class A Common Stock of GF Inc. at a price per share of twenty dollars ($20), which shares, upon receipt of consideration therefor and following their issuance, shall be the only outstanding shares of Class A Common Stock of GF Inc., and authorize the coterminous issuance to FPL (or one or more of its affiliates, as the case may be) shares of Class B Common Stock of GF Inc. in connection with the conversion of a portion of the member interest of FPL (or one or more of its affiliates, as the case may be) in GridFlorida LLC, as contemplated by Section 2.1 of this Plan, (v) approve the By-Laws as the By-Laws for GF Inc., (w) elect the CEO as chairman and chief executive officer of GF Inc.; (x) authorize GF Inc.'s execution and delivery of the Operating Agreement and the Member and Shareholder Agreement; (y) appoint the Compliance Auditor (as contemplated by Section 5.1 hereof) as the independent compliance auditor of GF Inc. (but not the independent public accountant for GF Inc.) and require the Compliance Auditor to perform those duties described in Section 5.2 hereof; and, (z) take such other action as such directors deem necessary in order to consummate the transactions contemplated hereby; and (iv) immediately upon the issuance of shares of Class A Common Stock of GF Inc. to each director, each such director shall execute the Voting Trust Agreement.

3.7. Compensation. The directors and the CEO of GF Inc. shall be compensated, in accordance with the Articles of Incorporation and the By-Laws, commensurate with the compensation of directors and chief executive officers of companies of comparable size and business activity, recognizing, however, that initially, GF Inc. will be a start-up company.

ARTICLE IV
Advisory Committee

4.1 Advisory Committee. An advisory committee (the "Advisory Committee") shall be established which shall be charged with advising the management and board of directors of GF Inc. on matters of concern to the Advisory Committee. A designated representative of the Advisory Committee shall be entitled to: (i) prepare and submit written recommendations and reports, at any time, to the board of directors and senior management of GF Inc.; (ii) meet and confer with

senior management of GF Inc., at least once during each calendar quarter, on matters of concern or interest to the Advisory Committee; and (iii) make presentations to the board of directors of GF Inc. at regularly scheduled board meetings on matters that a majority of the members of the Advisory Committee agree are of sufficient importance that they merit board attention (provided, however, that this right shall be exercised by the Advisory Committee with discretion and is reserved primarily for instances when efforts to address concerns through GF Inc.'s management prove unsatisfactory). In addition, the Advisory Committee may review and comment on (but will not have a right to approve) the annual operating budget prepared by GF Inc. for GridFlorida LLC. The representatives of the Advisory Committee that share the minority view with the greatest support related to a matter to be presented to the board of directors of GF, Inc. may select a representative to present to such Board such minority view. Members of the Advisory Committee shall have reasonable and timely access to information concerning GF Inc.'s operation of GridFlorida LLC's assets, in a manner consistent with GF Inc.'s information policy. Neither GF Inc. nor GridFlorida LLC shall have the right to amend or abridge the entitlements set forth in ~~the immediately preceding sentence~~ this Section 4.1 without the prior written consent of the FERC. In addition to the foregoing, the Advisory Committee shall perform such other functions as may be provided herein or as may be assigned to the Advisory Committee from time to time.

4.2 Representatives. The Advisory Committee shall consist of up to thirteen representatives (or less if each seat on the Advisory Committee is not filled), with each of the following stakeholder groups being entitled to appoint up to that number of representatives that follows: (i) three representatives of investor owned utilities that are, or as of September 1, 2000 were, owners of transmission facilities in the markets served by GridFlorida LLC; (ii) two representatives of electric utilities that distribute electricity at retail in the markets served by GridFlorida LLC; (iii) two representatives of generation and transmission cooperatives and municipal joint action agencies that sell electricity at wholesale in the markets served by GridFlorida LLC; (iv) two representatives of entities that own or are developing generation facilities whose output will be delivered over facilities owned or controlled by ~~GridFlordia~~ GridFlorida LLC; (v) two representatives of power marketers and brokers; and (vi) two representatives of governmental or non-profit organizations that are not utilities, represent end-use consumers' economic or environmental interests and are located within the geographic region in which GridFlorida LLC provides transmission service, provided, however, that one representative from this stakeholder group shall be from the Florida Office of Public Counsel, unless the Florida Office of Public Counsel declines to serve on the Advisory Committee.

Notwithstanding any other provision hereof to the contrary, no single Market Participant, including its affiliates and entities with which a merger is pending, shall participate in more than one stakeholder group or have more than one representative to the Advisory Committee. Each stakeholder group shall establish a procedure for rotating its representatives to the Advisory Committee so as to provide each member of a stakeholder group with a reasonable opportunity to serve as one of such stakeholder group's representatives to the Advisory Committee.

4.3 Participation of Market Participants. No Market Participant may join as a member of any of the stakeholder groups identified in Section 4.2 hereof, unless such Market Participant first (i) submits an application indicating its primary activity or activities in the markets served by GridFlorida LLC qualifying it to be a member of the stakeholder group identified in its Initial Designation (as defined below), together with a membership fee in the amount of $10,000 payable to the Advisory Committee, and (ii) agrees to pay to the Advisory Committee an annual fee in the amount of $5,000, which fees shall be used to pay for the formation and operating expenses of the Advisory Committee and its subcommittees. The level and disposition of membership fees and annual fees may be reviewed and amended from time to time by a majority vote of the Advisory Committee. In connection with making an application described above, each Market Participant shall notify the chairman of the Advisory Committee of the stakeholder group in which it intends to participate (a Market Participant's "Initial Designation"). Each year thereafter, a Market Participant may make a written request to the chairman of the Advisory Committee to redesignate its Initial Designation to permit it to participate in a different stakeholder group. The chairman of the Advisory Committee shall notify the members of the Advisory Committee of any Market Participant's Initial Designation and/or request for redesignation. Members of the Advisory Committee shall have fifteen days following any such notification within which to file with the chairman of the Advisory Committee a written protest of any such Initial Designation or request for redesignation. In the event of any such protest, the Advisory Committee shall vote to approve or disapprove of the Initial Designation or request for redesignation at issue, based upon the Advisory Committee's assessment of whether the Market Participant making such Initial Designation or request for redesignation meets the qualifications of the stakeholder group that it has designated. If no such protest is received within the aforementioned fifteen day period, the Initial Designation or request for redesignation, as the case may be, shall be deemed to be administratively approved. In connection with the foregoing, (i) any two or more Market Participants may join together to form a single applicant (such Market Participants together, a "Pooled Stakeholder") for purposes of joining a stakeholder

group, provided however, that no Market Participant may participate in more than one Pooled Stakeholder and a Pooled Stakeholder shall be entitled to only one vote in any meeting of the stakeholder group that it is permitted to join, and (ii) in no event shall any Market Participant (or Pooled Stakeholder), including its affiliates and entities with which a merger is pending, be permitted to join as a member of more than one such stakeholder group or be represented by more than one representative to the Advisory Committee.

4.4 Meetings of the Advisory Committee. As soon as practicable following the formation of the Advisory Committee, the Advisory Committee shall meet to adopt By-Laws for the Advisory Committee and to elect from among the representatives to the Advisory Committee a chairman, a vice-chairman and a secretary, in accordance with the terms of such By-Laws. Thereafter, the Advisory Committee shall meet at the call of the chairman of the Advisory Committee and as otherwise prescribed by the By-Laws, but in no event less frequently than semi-annually. Notice of Advisory Committee meetings shall be given to all stakeholders who are current in the payment of their annual fees. The Advisory Committee shall invite to attend its meetings representatives of the Florida Public Service Commission as well as members of the staff of the FERC, any of whom may participate fully in Advisory Committee proceedings on a non-voting basis.

4.5 Conduct of Business. The Advisory Committee shall comply with the following provisions: (i) each representative to the Advisory Committee shall have one vote; (ii) a majority of the representatives then currently appointed to the Advisory Committee shall constitute a quorum for the conduct of business; (iii) the affirmative vote of a majority of the representatives present and voting at a meeting of the Advisory Committee at which a quorum is present shall constitute the action of the Advisory Committee; (iv) each stakeholder group may direct its representatives to vote in such a manner as to split the votes allocated to the representatives of such stakeholder group into an affirmative component and a negative component, based on the individual votes of the Market Participants (and Pooled Stakeholders) participating in such stakeholder group, in direct proportion to the votes cast for and against a particular matter by such Market Participants (and Pooled Stakeholders), rounded to two decimal places; (v) in the event that the representatives present and voting at a meeting of the Advisory Committee are unable to unanimously agree on any issue addressed by the Advisory Committee during one of its meetings, minority opinions regarding any such issue shall be presented to the management and/or board of directors of GF Inc.

ARTICLE V
Independent Compliance Auditing

5.1. Appointment of Compliance Auditor. The Advisory Committee shall select a firm that (i) is one of the ten largest accounting firms in the United States, (ii) is not the independent public accountant for either GF Inc. or GridFlorida LLC, and (iii) is not otherwise affiliated with GF Inc., GridFlorida LLC, any member of GridFlorida LLC, any holder of shares of Class B Common Stock of GF Inc., or any Market Participant (such firm selected, the "Compliance Auditor") to serve as the independent compliance auditor of GF Inc. and GridFlorida LLC. As soon as practicable following the Advisory Committee's selection of the Compliance Auditor, the board of directors of GF Inc. shall appoint the Compliance Auditor as the independent compliance auditor of GF Inc.

5.2. Responsibilities of Compliance Auditor. GF Inc. shall require the Compliance Auditor to develop and implement a system of independent compliance auditing to (i) ensure that the limitations on stock ownership and the director, officer and employee independence requirements contained in the Articles of Incorporation, the By-Laws and the Code of Conduct are fully satisfied and (ii) audit the relationships between the holders of shares of Class B Common Stock and the members of GridFlorida LLC and GF Inc. and GridFlorida LLC to ensure that they are consistent with the requirements of Order No. 2000. The Compliance Auditor shall conduct an initial audit of the passive ownership arrangements of GF Inc. and GridFlorida LLC within two years of the effective date of the initial operations of GridFlorida LLC and every three years thereafter. In performing such duties, the Compliance Auditor shall be authorized to conduct such audits of the directors, officers and employees of GF Inc. and GridFlorida LLC as such Compliance Auditor, in its discretion, deems necessary to implement its system of independent compliance auditing. The Compliance Auditor shall be authorized to report any findings and recommendations to the FERC without the prior approval of GF Inc. or GridFlorida LLC, provided, however, that the Compliance Auditor shall request confidential treatment of any such reports or recommendations to the extent they are based on confidential corporate or personal information or data. Except as required by (or ensuring compliance with) law, the Articles of Incorporation, the By-Laws or this Plan, the Compliance Auditor shall keep confidential all information relating to the security holdings of a director, officer or employee of GF Inc. or GridFlorida LLC.

5.3. Annual Compliance Affidavit. GF Inc. shall require each of its directors, officers and employees and the GridFlorida LLC shall require its officers and employees, to file annually with the Compliance Auditor an affidavit certifying that such director officer or employee is in compliance with the limitations on stock ownership and the independence requirements, as applicable, contained in the Articles of Incorporation, the By-Laws, the Limited Liability Company Operating Agreement and the Code of Conduct.

ARTICLE VI
Market Monitor

6.1 Market Monitoring Plan. The Applicants shall use all commercially reasonable efforts to execute a market monitoring plan to (i) monitor the markets served by or administered by GridFlorida LLC under its transmission tariff, (ii) ensure the development and reporting of objective information concerning the structure and operation of those markets, (iii) provide a vehicle for proposing appropriate action regarding any opportunities for efficiency improvement, market design flaws, market rule violations, and market power identified by that information, and (iv) ensure that the monitoring program is conducted in a manner that is independent, objective and consistent with safe and reliable operations of GridFlorida LLC's transmission system, and that minimizes interference with open and competitive markets.

6.2 Establishment of Market Monitoring Corporation. The Applicant shall use all commercially reasonable efforts to cause GridFlorida LLC to establish a separate, non-profit corporation with a three person board to carry out the market monitoring function provided for in this Article VI (the "Market Monitoring Corporation").

6.3 Selection of Board of Directors of Market Monitoring Corporation. GridFlorida LLC shall retain one of the following nationally recognized search firms: Korn Ferry International, Heidrick & Struggles International or Russell Reynolds (such firm selected, the " Monitor Search Firm") to propose to GF Inc.'s Board of Directors and to the Advisory Committee a list of seven candidates for election as initial directors of the Market Monitoring Corporation, which candidates must satisfy all of the qualifications described below. GridFlorida LLC shall require the Monitor Search Firm to propose its pool of candidates as soon as practicable following its retention of the Monitor Search Firm. Except for such disclosure as may be necessary for customary reference checks and for advising individuals

proposed by the Monitor Search Firm of the names of other individuals so proposed, the identities of those individuals proposed by the Monitor Search Firm shall be kept in the strictest confidence by the Monitor Search Firm, the Board of Directors of GF Inc., and the Advisory Committee, and shall not be shared with any other Person. The Monitor Search Firm, all Directors of GF Inc., and all participants on the Advisory Committee shall be required to execute a standard confidentiality agreement to such effect.

Each candidate proposed by the Monitor Search Firm must be independent, i.e., satisfy the standards for independence set forth in Section 6.4 below. Each candidate proposed by the Monitor Search Firm must have extensive business experience in competitive industries. The candidates may, but need not, have experience in the electric industry. GF Inc.'s Board of Directors will choose one person from the list of candidates provided by the Monitor Search Firm to serve as a director. The Advisory Committee will choose one person from the list of candidates provided by the Monitor Search Firm to serve as a director, for which decision each representative to the Advisory Committee shall have one vote, and the candidate with the most votes shall be elected. In the event of a tie, there shall be a run-off among the tied candidates. If a tie again occurs, the Chair of the Advisory Committee will choose from among the tied candidates one individual to serve as a director. The initial two directors selected by GF Inc. and the Advisory Committee will select the third director from the remaining list of candidates proposed by the Monitor Search Fim. The initial two directors may ask the Monitor Search Firm to identify additional candidates if they cannot agree on any of the candidates from the initial list.

6.4 Independence of Directors of Market Monitoring Corporation. No person shall be nominated or elected a director of the Market Monitoring Corporation, nor may any person serve or continue to serve as a director of the Market Monitoring Corporation, unless and until such person and all members of his or her Immediate Family has no financial interest in, including the ownership of securities of, any Market Participant, except that such a person and any member of his or her Immediate Family will be permitted to own securities of a Market Participant through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segments thereof). Notwithstanding the foregoing, any such person and any member of his or her Immediate Family who holds a financial interest in a Market Participant may (i) hold such a financial interest for a period not to exceed six months following such person's initial election to the board of directors and (ii) petition (or the Market

Monitoring Corporation, on behalf of any such person and any member of his Immediate Family, may petition) the FERC for (x) an exception to the foregoing prohibition on holding any such financial interest or (y) an extension of time to dispose of any such financial interest (with respect, however, in either case to only those financial interests held by such person and any member of his or her Immediate Family at the time of such person's initial election to the Board of Directors), which exception or extension the FERC may grant if the FERC determines that the required disposition of such financial interest will result in economic hardship to such person or any member of his or her Immediate Family due to tax effects or legal restraints on the transfer of such financial interest and that granting such exception or extension will be consistent with the public interest. No person shall be in violation of the foregoing if he or she or any member of his or her Immediate Family continues his or her pre-existing participation in a qualified defined benefits pension plan and/or health benefits plan of a Market Participant for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to such person under any such pension plan do not vary with the economic performance of such Market Participant or the value of any of such Market Participant's securities held by such plan; provided, however, that if any such person is able to transfer his or her pension account to another unrelated firm without suffering adverse financial consequences in the opinion of the Board of Directors of Market Monitoring Corporation, such person shall be required to effect such transfer. In addition to the foregoing provisions, no director nor any member of his or her Immediate Family shall be an employee, director or officer of any Market Participant. For purposes of this Section 6.4, the term Market Participant shall include GF Inc. and GridFlorida LLC.

6.5 Term and Removal of Directors of Market Monitoring Corporation. Initial directors of Market Monitoring Corporation will serve terms as follows: (i) the initial director chosen by GF Inc. will serve a two year term, (ii) the initial director chosen by the Advisory Committee will serve a three year term, and (iii) the initial director chosen by the other directors will serve a four year term. Subsequent directors will serve three year terms. A new director will be chosen to replace the exiting director by the same group that selected the exiting director. For example, if the exiting director was chosen by GF Inc., GF Inc. will choose the new director. Subsequent directors must be selected from a list of at least three candidates provided by an independent search firm. A director can be removed from the board of Market Monitoring Corporation upon the affirmative vote for removal of GF Inc. and the Advisory Committee. Either GF Inc. or the Advisory Committee can move to remove a director. A new director will be chosen to replace the removed director by

the same group that selected the removed director. For example, if the exiting director was chosen by GF Inc., GF Inc. will choose the new director. Subsequent directors must be selected from a list of at least three candidates provided by an independent search firm.

6.6 Selection and Requirements of the Market Monitor. The board of directors of Market Monitoring Corporation will choose a suitably qualified individual to act as the market monitor (the "Market Monitor"). The Market Monitor must satisfy the standards for independence described in Section 6.4 above. The board of directors of Market Monitoring Corporation may remove the person acting as Market Monitor upon a majority vote; in such event, the board of directors will take timely action to replace the Market Monitor.

6.7 Selection and Requirements of Staff of Market Monitoring Corporation. The Market Monitor will be responsible for choosing necessary staff personnel of Market Monitoring Corporation. Staff personnel must satisfy the standards for independence described in Section 6.4 above.

ARTICLE VII
Planning

7.1 Planning. The Applicants shall use all commercially reasonable efforts to cause GridFlorida LLC to adopt a regional transmission planning process designed to identify and to facilitate, in a timely manner, the adoption and implementation of transmission options, including the opportunity by Market Participants to offer generation alternatives to those transmission options, that can economically relieve congestion and maintain and enhance grid efficiency and reliability. This process shall encourage and provide opportunities for meaningful, in depth participation by all Market Participants, the Florida Public Service Commission and other interested parties. In order that new generation and new transmission projects are efficiently coordinated so as to ensure reliability and efficient congestion management, for each planning period, the planning process shall include, at a minimum, early, regular and complete public disclosure, consistent with and subject to confidentiality requirements and information disclosure policies, of: (i) any transmission projects proposed or endorsed; (ii) the underlying assumptions and data on which the proposal is based; (iii) any analysis relied upon by GridFlorida LLC concerning its proposed transmission plan or generation alternatives offered by Market Participants; (iv) all documents supporting assumptions underlying the proposed plan that are challenged by participants in the planning process.

---------- COMPARISON OF FOOTERS ----------

-FOOTER 1-
273419.15-D.C. Server 2A Draft May 21, 2001 - 10:17 am

ARTICLES OF INCORPORATION

OF

GF INC.

ARTICLE I

NAME

The name of the Corporation is GF Inc. (hereinafter the "Corporation").

ARTICLE II

PRINCIPAL OFFICE

The principal office of the Corporation and the mailing address of the Corporation is [to come].

ARTICLE III

REGISTERED OFFICE AND AGENT

The street address of the registered office of the Corporation in the State of Florida is [to come]. The name of the registered agent of the Corporation at such address is [to come].

ARTICLE IV

TERM OF CORPORATE EXISTENCE

The Corporation shall exist perpetually unless sooner dissolved according to law.

ARTICLE V

PURPOSE

The purpose for which the Corporation is organized is to operate as the managing member of that certain GridFlorida LLC, a Florida limited liability company (the "RTO LLC"), and, subject to the approval of the shareholders of the Corporation as may be required by Article VI hereof, to engage in or transact any lawful act or activity or business for which a corporation may be organized under the laws of the State of Florida; provided, however, that in no event shall the Corporation engage in or transact any activity or business that would result in the Corporation not being in compliance with Order No. 2000 and all supplements and amendments thereto issued by the FERC (as defined in these Articles of Incorporation) and all applicable requirements of such rules and orders as the FERC may now or hereafter issue regarding RTOs; and provided further, that the Corporation shall not be a Market Participant (as defined in these Articles of Incorporation) and shall at no time hold, directly or indirectly, any interest in a Market Participant. A public informational filing regarding any activity or business that the Corporation engages in or transacts that is not related to the services or functions that are commonly performed by RTOs shall be filed with the FERC on or before thirty (30) days prior to engaging in or transacting such activity or business together with a certificate duly executed on behalf of the Corporation certifying that engaging in or transacting such activity or business is in compliance with Order No. 2000 and all supplements and amendments thereto issued by the FERC and all applicable requirements of such other rules or orders as the FERC may now or hereafter issue regarding RTOs. "Market Participant" shall have the meaning ascribed to such term in Order No. 2000 and all supplements and amendments thereto issued by the Federal Energy Regulatory Commission (the "FERC").

ARTICLE VI

CAPITAL STOCK

A. AUTHORIZED CAPITAL STOCK. The aggregate number of shares of all classes of stock that the Corporation is authorized to issue is [_____] shares, of which [_____] shares shall be Class A Common Stock, [par value $.01 per share] (the "Class A Common Stock"), [_____] shares shall be Class B Common Stock, [par value $.01 per share] (the "Class B Common Stock"), and [_____] shares

shall be Preferred Stock, [par value $.01 per share] (the "Preferred Stock"). No holder of the Corporation's stock shall have any preemptive or subscription right to acquire the Corporation's securities. Except as otherwise provided in this Article VI or as otherwise required by applicable law, all shares of Class A Common Stock and Class B Common Stock shall be identical in all respects and shall entitle the holders thereof to the same rights and privileges and shall be subject to the same qualifications, limitations and restrictions.

B. PROVISIONS RELATING TO CLASS A COMMON STOCK. At every meeting of shareholders, except as specifically otherwise required by law or these Articles of Incorporation, the holders of Class A Common Stock shall be entitled to one vote per share of Class A Common Stock on all matters presented for a vote of the shareholders of the Corporation, including the election of directors of the Corporation. No Market Participant shall own or vote any shares of Class A Common Stock or other voting securities of the Corporation (other than Class B Common Stock), provided, however, that investment banks and broker-dealers that are Market Participants may own voting securities of the Corporation, and provided, further, that (i) if the Corporation determines, following its exercise of due diligence (which the Corporation shall undertake to perform), that, as of a record date set for a particular matter, an investment bank or broker-dealer owns more than five percent of the outstanding voting securities of the Corporation, then the Corporation shall exercise due diligence to determine whether such investment bank or broker-dealer is a Market Participant and if it determines that such investment bank or broker-dealer is a Market Participant, the Corporation shall count only as many of such votes cast by such investment bank or broker-dealer together with such votes cast by its affiliates as do not exceed five percent of the votes that are able to be cast by all holders of the outstanding voting securities of the Corporation then entitled to vote on a particular matter, said percentage to be calculated on the basis of total outstanding voting securities after exclusion of the portion held by the relevant investment bank or broker-dealer and its affiliates in excess of five percent, and such investment bank or broker-dealer shall be entitled to vote only those shares the votes of which are counted under this provision and (ii) if the Corporation determines, following its exercise of due diligence (which the Corporation shall undertake to perform), that, as of a record date set for a particular matter, two or more investment banks or broker-dealers collectively own more than fifteen percent of the outstanding voting securities of the Corporation, then the Corporation shall exercise due diligence to determine whether any of such investment banks or broker-dealers are Market Participants and, if so, whether they belong to the same class of Market Participant; if the Corporation determines that two or more of such investment banks or broker-dealers

are Market Participants that belong to the same class of Market Participant and such class of Market Participant collectively owns more than fifteen percent of the outstanding voting securities of the Corporation, then the Corporation shall count only as many of such votes cast by such investment banks or broker-dealers belonging to such class of Market Participant together with such votes cast by their respective affiliates (pro rated across such votes cast by such investment banks or broker-dealers in proportion to the percentage that the number of securities of the Corporation that each owns bears to the aggregate number of securities of the Corporation owned by all of such investment banks or broker-dealers belonging to such class of Market Participant) as do not exceed fifteen percent of the votes that are able to be cast by all holders of the outstanding voting securities of the Corporation then entitled to vote on a particular matter, said percentage to be calculated on the basis of total outstanding voting securities after exclusion of the portion held by the relevant investment banks or broker-dealers and their respective affiliates in excess of fifteen percent, and such investment bank or broker-dealer shall be entitled to vote only those shares the votes of which are counted under this provision. A public informational filing regarding the Corporation's compliance with its obligations contained in the immediately preceding sentence shall be filed with the FERC as soon as practicable following any meeting of shareholders of the Corporation at which any matter is presented for a vote of the shareholders of the Corporation together with a certificate duly executed on behalf of the Corporation certifying that the Corporation has complied with the provisions of this Section B of Article VI of these Articles of Incorporation. For purposes of this Section B, the following shall constitute the classes of Market Participant, by rank: (i) owners of transmission facilities, including those that own distribution facilities or generation facilities; (ii) owners of distribution facilities, including those that own generation facilities; (iii) owners of generation facilities that do not own transmission facilities or distribution facilities; and (iv) marketers and brokers. An investment bank or broker-dealer shall not be included in more than one class of Market Participant. To the extent an investment bank or broker-dealer qualifies for more than one defined class, such entity shall be included only in the higher ranked class for which it qualifies.

C. PROVISIONS RELATING TO CLASS B COMMON STOCK. Except as otherwise provided in the next sentence, the Corporation shall at all times reserve and keep available all of its authorized but unissued shares of Class B Common Stock for issuance to persons who convert all or a portion of such person's Interest in the RTO LLC into one or more shares of Class B Common Stock pursuant to the terms and conditions of the Limited Liability Company Operating Agreement for the RTO LLC. No person shall own shares of Class B Common Stock unless

such person shall have transferred to the Corporation, in consideration for the issuance of such shares, all or any portion of such person's Interest in the RTO LLC pursuant to the terms and conditions of the Limited Liability Company Operating Agreement for the RTO LLC [1]; provided, however, that at the time any person initially becomes a Member of the RTO LLC, such person (or such person's designee), for a period not to exceed thirty (30) days following the date on which such person makes its Initial Capital Contribution to the RTO LLC, shall have the right to purchase from the Corporation one (1) share of Class B Common Stock for a purchase price equal to the then existing public market price for one share of Class A Common Stock or, if there is no such public market price, ten dollars ($10), which share shall be issued fully paid and nonassessable to such person (or such person's designee) upon receipt therefrom of such purchase price. At every meeting of shareholders, (i) except as specifically otherwise required by law, the holders of Class B Common Stock shall not be entitled to propose any matter for shareholder approval, and (ii) except as specifically otherwise required by law or by Section D of this Article VI of these Articles of Incorporation, the holders of Class B Common Stock shall not be entitled to vote on any matter presented for a vote of the shareholders of the Corporation, including the election of directors of the Corporation. For purposes of these Articles of Incorporation: (i) "Interest" means, with respect to any Member at any time, such Member's entire beneficial ownership interest in the RTO LLC at such time, (ii) "Member" means a member of the RTO LLC, and (iii) "Initial Capital Contribution" means any initial capital contribution to the RTO LLC made pursuant to the terms of the Limited Liability Company Operating Agreement for the RTO LLC.

D. CERTAIN VOTING RIGHTS. Notwithstanding any provision of this Article VI of these Articles of Incorporation to the contrary, the following matters, and only the following matters, shall require the approval of a majority of the outstanding shares of Class A Common Stock and the outstanding shares of Class B Common Stock, voting together as a single class, for which vote the holders of Class A Common Stock shall be entitled to one vote per share of Class A Common Stock and the holders of Class B Common Stock shall be entitled to one vote per share of Class B Common Stock and one vote per share of Class B Common Stock

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[1] The Limited Liability Company Operating Agreement for the RTO LLC will provide that the formula for the contemplated conversion shall be set forth in an agreement between the members of the RTO LLC and the holders of Class B Common Stock

into which any Interest in the RTO LLC of any such holder (or any person who designated such holder to receive such stock pursuant to Section C of this Article VI) is then convertible pursuant to the terms and conditions of the Limited Liability Company Operating Agreement for the RTO LLC:

(i) any proposal to issue more than ten percent (10%) of any outstanding class or series of securities of the Corporation to one or more affiliates (as defined in Order No. 2000 and all supplements and amendments thereto issued by the FERC) of the Corporation, other than those issuances of securities, including distributions thereof, that are made on the same terms to all shareholders of the Corporation.

(ii) any proposal by the Corporation to (a) enter into any transaction that would result in a change of control of the Corporation, (b) sell, transfer, lease, exchange or otherwise dispose of all, or substantially all, of the assets of the Corporation (other than pursuant to a mortgage or security interest entered into in connection with a financing of the Corporation's business) and all or a portion of the consideration received therefor by the Corporation is cash, or (c) merge or consolidate with or into any other entity and all or a portion of the consideration received therefor by the shareholders of the Corporation is cash; provided, however, that the approval of the holders of Class B Common Stock shall not be required by these Articles of Incorporation for any transaction for which the Corporation or the shareholders of the Corporation, as the case may be, would not receive consideration in cash and that would result in the transfer of control of the Corporation to a transmission owner or an RTO (as defined by FERC) that is located in Florida or the geographic area covered by the Southeastern Electric Reliability Council, as it existed on September 1, 2000, unless a holder of Class B Common Stock requests an independent investment banker to render an opinion to the holders of Class B Common Stock to the effect that the terms of such transaction are fair to the interests of the holders of Class B Common Stock in the Corporation from a financial point of view and such independent investment banker determines that it cannot render such an opinion; provided further that (x) any rejection of a merger or consolidation by the holders of Class B Common Stock will be subject to a FERC determination that such merger or consolidation would adversely impact the integrity of the investment in the Corporation of the holders of Class B Common Stock, (y) immediately following their decision to reject a merger or consolidation, the holders of Class B Common Stock voting against such merger or consolidation shall file with FERC for such a

determination, and (z) any such merger or consolidation shall not be deemed to have been approved or rejected until the FERC has made its determination. A "change of control" or "transfer of control" as applied herein to the Corporation shall be deemed to have occurred if, following the consummation of any transaction (other than an issuance of voting securities of the Corporation pursuant to a proposal by the Board of Directors to register, under the Securities Act of 1933, as amended, such voting securities of the Corporation for sale for the Corporation's own account), less than fifty percent (50%) of the outstanding voting securities of the Corporation (or any successor entity resulting from such transaction) is held by those holders of voting securities of the Corporation immediately prior to the consummation of such transaction. The independent investment banker contemplated hereby shall be selected as follows: (i) the Corporation shall submit to the holders of Class B Common Stock a list of five nationally or regionally recognized investment bankers and their respective qualifications, provided, that none of such investment bankers shall have acted as an advisor or an underwriter for, or otherwise represented, the Corporation, any holder of Class B Common Stock, the RTO LLC, any member of the RTO LLC, any other party to the transaction in question, or any affiliate (as defined in Order No. 2000 and all supplements and amendments thereto issued by the FERC) of the foregoing entities at any time during the two (2) previous years; and (ii) the holders of Class B Common Stock shall, by an affirmative vote of a majority of the holders of Class B Common Stock outstanding, select an investment banker from such list to be retained to render the opinion contemplated hereby.

(iii) any proposal to enter into any acquisition or business development opportunity that is otherwise permissible under Article V of these Articles of Incorporation but is not (a) related to the provision of electric transmission service, including but not limited to the formation and administration of electric markets, or other services or functions that are commonly performed by RTOs, or (b) a business with electric transmission facilities located in, or that are directly interconnected with transmission facilities located in, Florida or the geographic area covered by the Southeastern Electric Reliability Council, as it existed on September 1, 2000.

(iv) any proposal to (a) institute proceedings to have the Corporation adjudicated bankrupt or insolvent, (b) consent to the institution of bankruptcy or insolvency proceedings against the Corporation, (c) file a petition seeking a reorganization of the Corporation under federal or state bankruptcy laws, (d)

consent to the appointment of a receiver or trustee for the Corporation, or (e) make an assignment for the benefit of creditors of the Corporation.

(v) any proposal to amend these Articles of Incorporation that affects the rights of holders of Class B Common Stock, including the right to convert into Class A Common Stock.

E. CONVERSION RIGHTS. Subject to the terms and conditions stated herein, the holder of any shares of Class B Common Stock shall have the right, at any time, at such holder's option, to convert all or a portion of the shares of Class B Common Stock held by such holder into the same number of shares (the "Conversion Ratio") of Class A Common Stock. Such right of conversion shall be exercised by (A) giving written notice (the "Notice") to the Corporation at its principal office at least ten (10) days prior to the Conversion Date (as defined below) specified therein that the holder elects to convert a stated number of shares of Class B Common Stock into shares of Class A Common Stock on the date specified in the Notice (the "Conversion Date"), (B) by surrendering the certificate or certificates representing at least the number of shares of Class B Common Stock to be converted to the Corporation at its principal office at any time during the usual business hours on or before the Conversion Date, duly endorsed in blank by the record owner of each certificate so surrendered, together with a statement of the name or names (with addresses) of the person or person(s) in whose name or names the certificate or certificates for shares issued upon conversion shall be registered, together with either funds in the amount of any tax that may be payable with respect to any issuance and delivery of the shares of Class A Common Stock to a person other than the holder of the shares of Class B Common Stock to be converted or satisfactory evidence that such tax has been paid, is not payable or will be paid upon issuance of the shares of Class A Common Stock.

In the event that any of the shares of Class A Common Stock to be issued upon conversion are subject to restrictions on ownership (such as ownership by Market Participants) under these Articles of Incorporation or otherwise, the Corporation shall require, as a further condition to any such conversion, satisfactory evidence that either the proposed conversion will not violate any such restrictions or that immediately upon such conversion, the holder of the shares of Class B Common Stock surrendered for conversion shall sell any shares of Class A Common Stock issued upon the conversion to a person or entity that is qualified to hold such shares under these Articles of Incorporation.

Shares of Class B Common Stock that have been converted hereunder shall not be canceled but shall remain as treasury shares, available for reissue by the Corporation, unless retired by resolution of the Board of Directors.

The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock shares of Class A Common Stock in a quantity sufficient to provide for the conversion of all outstanding shares of Class B Common Stock into shares of Class A Common Stock. If any shares of Class A Common Stock require registration with or approval of any governmental authority under any federal or state law before such shares may be issued upon conversion, the Corporation shall cause such shares to be duly registered or approved, as the case may be. The Corporation shall endeavor to use its commercially reasonable efforts to list the shares of Class A Common Stock to be delivered upon conversion prior to such delivery upon each national securities exchange upon which the outstanding shares of Class A Common Stock are listed at the time of such delivery. All shares of Class A Common Stock that shall be issued upon conversion shall, upon issue, be fully paid and nonassessable.

Subject to the other provisions of this Section E, promptly after (A) the Conversion Date and (B) the surrender of such certificate or certificates representing the share or shares of Class B Common Stock to be converted, the Corporation shall issue and deliver, or cause to be issued and delivered, to the holder requesting conversion, registered in such name or names as such holder may direct, a certificate or certificates for the number of shares of Class A Common Stock issuable upon the requested conversion, together with a certificate or certificates evidencing any balance of the shares of Class B Common Stock surrendered to the Corporation but not then being converted.

To the extent permitted by law, such conversion shall be deemed to have been effected as of the close of business on the later of the Conversion Date or the date upon which the Corporation shall have received the certificate or certificates representing the share or shares of Class B Common Stock to be converted, and at such time the rights of the holder of such share or shares as such holder shall cease, and the person or persons in whose name or names any certificate or certificates for shares shall be issuable upon such conversions shall be deemed to have become the holder or holders of records of such shares of Class A Common Stock.

The issuance of certificates representing shares of Class A Common Stock upon the conversion of Class B Common Stock, as hereinabove set forth, shall

be made without charge or any expense or issuance tax in respect thereof; provided, however, that if any certificate is to be issued in a name other than that of the holder of the shares converted, the Corporation shall not be required to issue or deliver any such certificate unless and until the person requesting the issuance thereof shall have (i) paid to the Corporation the amount of any tax that may be payable with respect to any transfer involved in the issuance and delivery of such certificate or (ii) established to the satisfaction of the Corporation that such tax has been paid or is not payable.

F. ADJUSTMENTS. In case the Corporation shall (i) pay or make a dividend or other distribution on the Class A Common Stock in shares of Class A Common Stock, (ii) subdivide or split the outstanding shares of Class A Common Stock into a larger number of shares or (iii) combine the outstanding shares of Class A Common Stock into a smaller number of shares, then in each such case the Conversion Ratio shall be adjusted to equal the number of such shares of Class A Common Stock to which the holder of one share of Class B Common Stock would have been entitled upon the occurrence of such event had such share of Class B Common Stock been converted immediately prior to the happening of such event or, in the case of a stock dividend or other distribution, prior to the record date for determination of shareholders entitled thereto. An adjustment made pursuant to this Section F shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, split or combination.

In case of any capital reorganization or any reclassification of the capital stock of the Corporation (whether pursuant to a merger or consolidation or otherwise), each share of Class B Common Stock shall thereafter be convertible into the number of shares of stock or other securities or property receivable upon such capital reorganization or reclassification of capital stock, as the case may be, by a holder of the number of shares of Class A Common Stock into which such share of Class B Common Stock was convertible immediately prior to such capital reorganization or reclassification of capital stock; and, in any case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made for the application of the provisions of this Section F with respect to the rights and interests thereafter of the holders of Class B Common Stock to the end that the provisions set forth in this Section F shall thereafter be applicable, as nearly as reasonably practicable, in relation to any shares of stock or other securities or property thereafter deliverable upon the conversion of shares of Class B Common Stock.

In case of any consolidation of the Corporation with, or merger of the Corporation into, any other person, any merger of another person into the Corporation (other than a merger which does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Class A Common Stock) or any sale or transfer of all or substantially all of the assets of the Corporation to the person formed by such consolidation or resulting from such merger or which acquires such assets, as the case may be, each share of Class B Common Stock shall thereafter be convertible into the kind and amount of securities, cash and other property receivable upon such consolidation, merger, sale or transfer by a holder of the number of shares of Class A Common Stock into which, a share of Class B Common Stock may have been converted immediately prior to such consolidation, merger, sale or transfer. Adjustments for events subsequent to the effective date of such a consolidation, merger, sale or transfer of assets shall be as nearly equivalent as may be practicable to the adjustment provided for in this Section F. In any such event, effective provisions shall be made in the certificate or articles of incorporation of the resulting or surviving corporation, or in any contract of sale, merger, conveyance, lease, transfer or otherwise so that the provisions set forth in this Section F for the protection of the rights of the holders of shares of Class B Common Stock shall thereafter continue to be applicable; and any such resulting or surviving corporation shall expressly assume the obligation to deliver, upon exercise, such shares of stock, other securities, cash and property. The provisions of this Section F shall similarly apply to successive consolidations, mergers, sales, leases or transfers.

In case the Corporation shall, by dividend or otherwise, distribute to all holders of its Class A Common Stock shares of any of its capital stock (other than Class A Common Stock), options, rights or warrants to purchase any of its securities, cash, other assets or evidences of its indebtedness, then in each such case the Conversion Ratio shall be adjusted by multiplying the Conversion Ratio immediately prior to the date of such dividend or distribution by a fraction, of which the numerator shall be the Fair Market Value (as defined below) per share of Class A Common Stock at the record date for determining shareholders entitled to such dividend or distribution, and of which the denominator shall be such Fair Market Value per share less the Fair Market Value of the portion of the securities, cash, assets or evidences of indebtedness so distributed applicable to one share of Class A Common Stock. For purposes hereof, "Fair Market Value" as at any date of determination means the fair market value of the business, securities (and with respect to a share of Class A Common Stock, if shares of Class A Common Stock are not publicly traded, shall mean a proportionate amount of the Fair Market Value of the Corporation as of such

date, as determined in good faith by the Board of Directors), property or services in question as of such date, as determined in good faith by the Board of Directors; provided, however, that if, at any date of determination of the Fair Market Value of Class A Common Stock, shares of Class A Common Stock shall then be publicly traded, then the Fair Market Value of a share of Class A Common Stock outstanding on such date shall be the average daily closing prices of one share of Class A Common Stock for the twenty (20) consecutive trading days ending on the most recent trading day prior to the date of determination.

G. LIQUIDATION, DISSOLUTION, ETC. In the event of any liquidation, dissolution or winding up (either voluntary or involuntary) of the Corporation, the holders of shares of Class A Common Stock and the holders of Class B Common Stock shall be entitled to receive the assets and funds of the Corporation available for distribution after payments to creditors and to the holders of any Preferred Stock of the Corporation that may at the time be outstanding, in proportion to the number of shares held by them, respectively, without regard to class.

H. PREFERRED STOCK. The Board of Directors is hereby expressly authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more classes or series, and to fix for each such class or series such voting power, full or limited (in which case Market Participants will be restricted from ownership thereof unless the voting power of such Preferred Stock does not exceed the voting powers vested in Class B Common Stock by these Articles of Incorporation), or no voting powers, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such class or series, including, without limitation, the authority to provide that any such class or series may be (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; or (iv) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions.

I. POWER TO SELL AND PURCHASE SHARES. Subject to any applicable provision of law or these Articles of Incorporation, the Corporation shall have the power to issue and sell all or any part of any class of stock herein or hereafter authorized to such persons, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, whether or not greater consideration could be received upon the issue or sale of the same number of shares of another class, and as otherwise permitted by law. Subject to any applicable provision of law or these Articles of Incorporation, the Corporation shall have the power to purchase any class of stock herein or hereafter authorized from such persons, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, whether or not less consideration could be paid upon the purchase of the same number of shares of another class, and as otherwise permitted by law.

ARTICLE VII

MANAGEMENT OF THE CORPORATION

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and shareholders:

A. BOARD OF DIRECTORS. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

B. BY-LAWS. In furtherance, and not in limitation, of the powers conferred upon it by the laws of the State of Florida, the Board of Directors shall have the power to make, alter, amend, change, add to or repeal the By-Laws of the Corporation. The By-Laws of the Corporation also may be made, altered, amended, changed, added to or repealed by the affirmative vote of the holders of at least two-thirds of the outstanding shares of Class A Common Stock. Notwithstanding anything contained herein to the contrary, neither the Board of Directors nor the shareholders of the Corporation may amend the By-Laws of the Corporation in any manner that is inconsistent with Order No. 2000 and all supplements and amendments thereto issued by the FERC or any other applicable requirements of such other rules and orders as the FERC may now or hereafter issue regarding RTOs. A public informational copy of each amendment to the By-Laws of the Corporation shall be filed with the FERC together with a certificate duly executed on behalf of the

Corporation certifying that such amendment is in compliance with Order No. 2000 and all supplements and amendments thereto issued by the FERC and all other applicable requirements of such other rules and orders as the FERC may now or hereafter issue regarding RTOs.

C. NUMBER OF DIRECTORS AND COMPOSITION OF THE BOARD. The initial number of directors of the Corporation shall be nine (9).[2] The number of directors of the Corporation may be increased or decreased from time to time, in the manner provided in the By-Laws of the Corporation, but shall in no event be less than nine (9) nor more than [twelve (12)]. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, directors shall be elected by a plurality of the votes cast by the shares of Class A Common Stock present and entitled to vote thereon at a meeting at which a quorum is present. Shares of Class B Common Stock shall not be entitled to vote in any election of directors. Election of directors need not be by written ballot unless the By-Laws so provide.

D. CLASSIFICATION OF BOARD. The Board of Directors shall be and is divided into three classes of directors of as nearly equal numbers as is possible, designated Class I, Class II and Class III, respectively, serving staggered three-year terms, with the term of a class expiring at each Annual Meeting of Shareholders. At each Annual Meeting of Shareholders, a number of directors equal to the number of directors of the class whose terms expires at such Annual Meeting of Shareholders (or the number of directors properly nominated and qualified for election) shall be elected to hold office until the third succeeding Annual Meeting of Shareholders after their election. Any increase or decrease in the number of directors shall be so apportioned among the classes of directors as to make all classes as nearly equal in number as possible. In all cases, each director shall serve until a successor has been elected and qualified or until such director's earlier resignation, retirement, removal from office, death or disability.

E. VACANCIES; REMOVAL. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, any vacancy on the Board of Directors resulting from an increase in the number of directors may be filled only by a majority of the Board of Directors then in office, provided that a quorum is present,

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[2] It is anticipated that the names and addresses of the nine initial directors will be set forth in the Articles of Incorporation, as permitted by the Florida Business Corporation Act.

and any other vacancy on the Board of Directors may be filled only by the remaining directors (even though less than a quorum) or by a sole remaining director, in each case for the full term of the class of directors in which the vacancy occurs or is created. The Corporation's shareholders shall not, and shall have no power to, fill any vacancy on the Board of Directors. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, any or all of the directors of the Corporation may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of the Corporation's then outstanding capital stock entitled to vote generally in the election of directors. Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an Annual or Special Meeting of Shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of these Articles of Incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Article VII unless expressly provided by such terms.

F. PERSONAL LIABILITY. No director shall be personally liable to the Corporation or any of its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 607.0834 of the Florida Business Corporation Act or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of this Article VII by the shareholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

G. ADDITIONAL POWERS. In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the Florida Business Corporation Act, these Articles of Incorporation, and any By-Laws adopted by the shareholders; provided, however, that no By-Laws hereafter adopted by the shareholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

H. DIRECTOR QUALIFICATIONS. In addition to any qualifications that may be required by law, no person shall be nominated or elected a director of the Corporation, nor may any person serve or continue to serve as a director of the Corporation, unless and until such person has satisfied all of the qualifications for directors of the Corporation, including any qualifications for director independence, as may be set forth from time to time in these Articles of Incorporation or the By-Laws of the Corporation.

I. FIDUCIARY OBLIGATIONS. In managing the business and affairs of the Corporation, the directors of the Corporation shall perform their duties in a manner consistent with the directors' fiduciary duties to the shareholders of the Corporation under Florida law. In so performing such duties, the directors shall consider the interests of the shareholders of the Corporation solely in their capacity as investors in the Corporation but shall have no duty to consider, and shall not consider, any other interests that the shareholders of the Corporation may have in any other business, asset or liability, including any interests such shareholders may have as participants in the electric markets served by the Corporation, such that the Corporation shall, under no circumstance, be used to protect or promote any such present or future interest of any shareholder.

ARTICLE VIII

INDEMNIFICATION

The Corporation shall indemnify and may insure its officers and directors to the fullest extent permitted by law currently in effect or hereinafter enacted, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heir, executor or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The right to indemnification conferred by this Article VIII shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition.

The Corporation may, to the extent authorized from time to time by the By-Laws of Corporation or the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under these Articles of Incorporation, the By-Laws of the Corporation, any statute, agreement, vote of shareholders or disinterested directors or otherwise.

Any repeal or modification of this Article VIII shall not adversely affect any rights to indemnification and the advancement of expenses of a director or officer of the Corporation existing at the time of such repeal or modification with respect to any acts or omission occurring prior to such repeal or modification.

ARTICLE IX

MEETINGS OF SHAREHOLDERS

A. CALL OF SPECIAL MEETINGS OF SHAREHOLDERS. Except as required by law, the Corporation shall not be required to hold a Special Meeting of Shareholders of the Corporation unless (in addition to any other requirements of law): (i) the holders of not less than fifty (50) percent of all the votes entitled to be cast on any issue proposed to be considered at the proposed Special Meeting of Shareholders sign, date and deliver to the Corporation's Secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held; (ii) the meeting is called by the Board pursuant to a resolution adopted by a majority of the entire Board of Directors; or (iii) the meeting is called by the Chairman of the Board of Directors. Only business within the purpose or purposes described in the special meeting notice required by Section 607.0705 of the Florida Business Corporation Act may be conducted at a Special Meeting of Shareholders.

B. DIRECTOR NOMINATIONS. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation at an Annual or Special Meeting of Shareholders. Nominations of persons for election to the Board of Directors at an Annual or Special Meeting of

Shareholders may be made (i) by or at the direction of the Board of Directors by any nominating committee or person appointed by the Board of Directors or (ii) by any shareholder of the Corporation entitled to vote for the election of directors at such meeting who complies with the procedures set forth in this Section B; provided, however, that nominations for persons for election to the Board of Directors at a Special Meeting of Shareholders may be made only if the election of directors is one of the purposes described in the special meeting notice required by Section 607.0705 of the Florida Business Corporation Act. Nominations of persons for election at a Special Meeting of Shareholders, other than nominations made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation delivered to or mailed and received at the principal office of the Corporation not later than the close of business on the [fifth (5th)] day following the date on which notice of such meeting is given to shareholders or made public, whichever first occurs. Nominations of persons for election at an Annual Meeting of Shareholders, other than nominations made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation delivered to or mailed and received at the principal office of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the first anniversary of the date of the Corporation's notice of Annual Meeting of Shareholders provided with respect to the previous year's Annual Meeting of Shareholders; provided, however, that if no Annual Meeting of Shareholders was held in the previous year, or the date of the current year's Annual Meeting of Shareholders has been changed to be more than thirty (30) calendar days earlier than the date of the first anniversary of the previous year's Annual Meeting of Shareholders, such notice by the shareholder, to be timely, must be so delivered to or mailed and received at the principal office of the Corporation not later than the close of business on the [fifth (5th)] day following the date on which notice of the date of the Annual Meeting of Shareholders is given to shareholders or made public, whichever first occurs. Such shareholder's notice to the Secretary of the Corporation shall set forth the following information: (a) as to each person whom the shareholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the proposed nominee, (ii) the principal occupation or employment of the proposed nominee, (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the proposed nominee, (iv) any other information relating to the proposed nominee that is required to be disclosed in solicitations for proxies for election of directors pursuant to Rule 14a under the Securities Exchange Act of 1934, as amended, and (v) such information as is necessary to determine whether the proposed nominee satisfies the qualifications to serve as a director set forth in these Articles of Incorporation or the By-Laws of the

Corporation; and (b) as to the shareholder giving notice of nomination for election, (i) the name and record address of such shareholder, and (ii) the class and number of shares of capital stock of the Corporation which are beneficially owned by such shareholder. The Corporation may require any proposed nominee for election to furnish such other information as may be reasonably required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the requirements of this Section B, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

C. SHAREHOLDER PROPOSALS. At an Annual Meeting of Shareholders, only such business shall be conducted as shall have been properly brought before such meeting. To be properly before an Annual Meeting of Shareholders, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a shareholder. In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting of Shareholders by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation delivered to or mailed and received at the principal office of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the first anniversary of the date of the Corporation's notice of Annual Meeting of Shareholders provided with respect to the previous year's Annual Meeting of Shareholders; provided, however, that if no Annual Meeting of Shareholders was held in the previous year, or the date of the current year's Annual Meeting of Shareholders has been changed to be more than thirty (30) calendar days earlier than the date of the first anniversary of the previous year's Annual Meeting of Shareholders, such notice by the shareholder, to be timely, must be so delivered to or mailed and received at the principal office of the Corporation not later than the close of business on the [fifth (5th)] day following the date on which notice of the date of the Annual Meeting of Shareholders is given to shareholders or made public, whichever first occurs. Such shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the Annual Meeting of Shareholders: (i) a brief description of the business desired to be brought before the Annual Meeting of Shareholders and the reasons for conducting such business at the Annual Meeting of Shareholders, (ii) the name and record address of the shareholder proposing such business, (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by such

shareholder, and (iv) any material interest of such shareholder in the such business. The chairman of the Annual Meeting of Shareholders shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the requirements of this Section C, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

ARTICLE X

LOCATION OF MEETINGS AND RECORDS

Meetings of shareholders may be held within or without the State of Florida, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the Florida Business Corporation Act) outside the State of Florida at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

ARTICLE XI

ACTION BY SHAREHOLDERS WITHOUT A MEETING[3]

[No action required or permitted to be taken at an Annual Meeting of Shareholders or at a Special Meeting of Shareholders may be taken without a meeting. The power of the shareholders to consent in writing, without a meeting, to the taking of any action is expressly denied hereby.]

ARTICLE XII

AFFILIATED TRANSACTIONS AND CONTROL-SHARE ACQUISITIONS

The Corporation shall not be governed by the Affiliated Transactions and Control-Share Acquisitions sections (Sections 607.0901 through 607.0903) of the Florida Business Corporation Act or any successor sections or statutes hereinafter enacted.

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[3] Although we would not recommend including this provision at this time, we would recommend an appropriate amendment to these Articles of Incorporation to add this provision immediately prior to the IPO.

ARTICLE XIII

AMENDMENTS

The Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon shareholders herein are granted subject to this reservation. Notwithstanding the foregoing, any amendment, alteration, change or repeal of any provision contained in these Articles of Incorporation (other than those contemplated by Section 607.1002 of the Florida Business Corporation Act, which may be approved by the Board of Directors without shareholder action) is, in addition to any other vote that may be required by law, subject to the approval of the holders of two-thirds of the outstanding shares of Class A Common Stock; provided, however that if any such amendment, alteration, change or repeal affects the rights of holders of Class B Common Stock, then such amendment, alteration, change or repeal shall also be subject to the approval of the holders of a majority of the outstanding shares of Class A Common Stock and the outstanding shares of Class B Common Stock, voting together as a single class, for which vote the holders of Class A Common Stock shall be entitled to one vote per share of Class A Common Stock and the holders of Class B Common Stock shall be entitled to one vote per share of Class B Common Stock and one vote per share of Class B Common Stock into which any Interest in the RTO LLC of any such holder (or any person who designated such holder to receive such stock pursuant to Section C of Article VI of these Articles of Incorporation) is then convertible pursuant to the terms and conditions of the Limited Liability Company Operating Agreement for the RTO LLC. Notwithstanding anything contained herein to the contrary, neither the Board of Directors nor the shareholders of the Corporation may amend these Articles of Incorporation in any manner that is inconsistent with Order No. 2000 and all supplements and amendments thereto issued by the FERC or any other applicable requirements of such other rules and orders as the FERC may now or hereafter issue regarding RTOs. A public informational copy of each amendment to these Articles of Incorporation shall be filed with the FERC on or before thirty (30) days prior to the effectiveness of such amendment together with a certificate duly executed on behalf of the Corporation certifying that such amendment is in compliance with Order No. 2000 and all supplements and amendments thereto issued by the FERC and all other applicable requirements of such other rules or orders as the FERC may now or hereafter issue regarding RTOs.

ARTICLE XIV

INCORPORATOR

The name and address of the incorporator of the Corporation is [Name To Come], [Address To Come].

I, THE UNDERSIGNED, being the Incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the Florida Business Corporation Act, have executed these Articles of Incorporation this ___ day of _____, 2000.

_____
[To Come]
Incorporator

IN WITNESS WHEREOF, I, [To Come], having been named Registered Agent and to accept service of process for GF Inc. at the place designated in these Articles of Incorporation, hereby accept the appointment as Registered Agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as Registered Agent this ___ day of _____, 2000.

_____
[To Come]
Registered Agent

STATE OF FLORIDA)
)SS:
COUNTY OF [TO COME])

The foregoing instrument was acknowledged before me this ___ day of _____, 2000 by [Insert Registered Agent Name], who is personally know to me and who did take an oath.

_____
Notary Public
State of Florida

Printed Name:_____

Commission No.:_____

My Commission Expires:_____

(291355)

ARTICLES OF INCORPORATION

OF

GF INC.

ARTICLE I

NAME

The name of the Corporation is GF Inc. (hereinafter the "Corporation").

ARTICLE II

PRINCIPAL OFFICE

The principal office of the Corporation and the mailing address of the Corporation is [to come].

ARTICLE III

REGISTERED OFFICE AND AGENT

The street address of the registered office of the Corporation in the State of Florida is [to come]. The name of the registered agent of the Corporation at such address is [to come].

ARTICLE IV

TERM OF CORPORATE EXISTENCE

The Corporation shall exist perpetually unless sooner dissolved according to law.

ARTICLE V

PURPOSE

The purpose for which the Corporation is organized is to operate as the managing member of that certain GridFlorida LLC, a Florida limited liability company (the "RTO LLC"), and, subject to the approval of the shareholders of the Corporation as may be required by Article VI hereof, to engage in or transact any lawful act or activity or business for which a corporation may be organized under the laws of the State of Florida; provided, however, that in no event shall the Corporation engage in or transact any activity or business that would result in the Corporation not being in compliance with Order No. 2000 and all supplements and amendments thereto issued by the FERC (as defined in these Articles of Incorporation) and all applicable requirements of such rules and orders as the FERC may now or hereafter issue regarding RTOs; and provided further, that the Corporation shall not be a Market Participant (as defined in these Articles of Incorporation) and shall at no time hold, directly or indirectly, any interest in a Market Participant. A public informational filing regarding any activity or business that the Corporation engages in or transacts that is not related to the services or functions that are commonly performed by RTOs shall be filed with the FERC on or before thirty (30) days prior to engaging in or transacting such activity or business together with a certificate duly executed on behalf of the Corporation certifying that engaging in or transacting such activity or business is in compliance with Order No. 2000 and all supplements and amendments thereto issued by the FERC and all applicable requirements of such other rules or orders as the FERC may now or hereafter issue regarding RTOs. "Market Participant" shall have the meaning ascribed to such term in Order No. 2000 and all supplements and amendments thereto issued by the Federal Energy Regulatory Commission (the "FERC").

ARTICLE VI

CAPITAL STOCK

A. AUTHORIZED CAPITAL STOCK. The aggregate number of shares of all classes of stock that the Corporation is authorized to issue is [_____] shares, of which [_____] shares shall be Class A Common Stock, [par value $.01 per share] (the "Class A Common Stock"), [_____] shares shall be Class B Common Stock, [par value $.01 per share] (the "Class B Common Stock"), and [_____] shares

shall be Preferred Stock, [par value $.01 per share] (the "Preferred Stock"). No holder of the Corporation's stock shall have any preemptive or subscription right to acquire the Corporation's securities. Except as otherwise provided in this Article VI or as otherwise required by applicable law, all shares of Class A Common Stock and Class B Common Stock shall be identical in all respects and shall entitle the holders thereof to the same rights and privileges and shall be subject to the same qualifications, limitations and restrictions.

B. PROVISIONS RELATING TO CLASS A COMMON STOCK. At every meeting of shareholders, except as specifically otherwise required by law or these Articles of Incorporation, the holders of Class A Common Stock shall be entitled to one vote per share of Class A Common Stock on all matters presented for a vote of the shareholders of the Corporation, including the election of directors of the Corporation. No Market Participant shall own or vote any shares of Class A Common Stock or other voting securities of the Corporation (other than Class B Common Stock), provided, however, that investment banks and broker-dealers that are Market Participants may own voting securities of the Corporation, and provided, further, that (i) if the Corporation determines, following its exercise of due diligence (which the Corporation shall undertake to perform), that, as of a record date set for a particular matter, an investment bank or broker-dealer owns more than five percent of the outstanding voting securities of the Corporation, then the Corporation shall exercise due diligence to determine whether such investment bank or broker-dealer is a Market Participant and if it determines that such investment bank or broker-dealer is a Market Participant, the Corporation shall count only as many of such votes cast by such investment bank or broker-dealer together with such votes cast by its affiliates as do not exceed five percent of the votes that are able to be cast by all holders of the outstanding voting securities of the Corporation then entitled to vote on a particular matter, said percentage to be calculated on the basis of total outstanding voting securities after exclusion of the portion held by the relevant investment bank or broker-dealer and its affiliates in excess of five percent, and such investment bank or broker-dealer shall be entitled to vote only those shares the votes of which are counted under this provision and (ii) if the Corporation determines, following its exercise of due diligence (which the Corporation shall undertake to perform), that, as of a record date set for a particular matter, two or more investment banks or broker-dealers collectively own more than fifteen percent of the outstanding voting securities of the Corporation, then the Corporation shall exercise due diligence to determine whether any of such investment banks or broker-dealers are Market Participants and, if so, whether they belong to the same class of Market Participant; if the Corporation determines that two or more of such investment banks or bro-

ker-dealers are Market Participants that belong to the same class of Market Participant and such class of Market Participant collectively owns more than fifteen percent of the outstanding voting securities of the Corporation, then the Corporation shall count only as many of such votes cast by such investment banks or broker-dealers belonging to such class of Market Participant together with such votes cast by their respective affiliates (pro rated across such votes cast by such investment banks or broker-dealers in proportion to the percentage that the number of securities of the Corporation that each owns bears to the aggregate number of securities of the Corporation owned by all of such investment banks or broker-dealers belonging to such class of Market Participant) as do not exceed fifteen percent of the votes that are able to be cast by all holders of the outstanding voting securities of the Corporation then entitled to vote on a particular matter, said percentage to be calculated on the basis of total outstanding voting securities after exclusion of the portion held by the relevant investment banks or broker-dealers and their respective affiliates in excess of fifteen percent, and such investment bank or broker-dealer shall be entitled to vote only those shares the votes of which are counted under this provision. A public informational filing regarding the Corporation's compliance with its obligations contained in the immediately preceding sentence shall be filed with the FERC as soon as practicable following any meeting of shareholders of the Corporation at which any matter is presented for a vote of the shareholders of the Corporation together with a certificate duly executed on behalf of the Corporation certifying that the Corporation has complied with the provisions of this Section B of Article VI of these Articles of Incorporation. For purposes of this Section B, the following shall constitute the classes of Market Participant, by rank: (i) owners of transmission facilities, including those that own distribution facilities or generation facilities; (ii) owners of distribution facilities, including those that own generation facilities; (iii) owners of generation facilities that do not own transmission facilities or distribution facilities; and (iv) marketers and brokers. An investment bank or broker-dealer shall not be included in more than one class of Market Participant. To the extent an investment bank or broker-dealer qualifies for more than one defined class, such entity shall be included only in the higher ranked class for which it qualifies.

C. PROVISIONS RELATING TO CLASS B COMMON STOCK. Except as otherwise provided in the next sentence, the Corporation shall at all times reserve and keep available all of its authorized but unissued shares of Class B Common Stock for issuance to persons who convert all or a portion of such person's Interest in the RTO LLC into one or more shares of Class B Common Stock pursuant to the terms and conditions of the Limited Liability Company Operating Agreement for the RTO LLC. No person shall own shares of Class B Common Stock unless

such person shall have transferred to the Corporation, in consideration for the issuance of such shares, all or any portion of such person's Interest in the RTO LLC pursuant to the terms and conditions of the Limited Liability Company Operating Agreement for the RTO LLC [1]; provided, however, that at the time any person initially becomes a Member of the RTO LLC, such person (or such person's designee), for a period not to exceed thirty (30) days following the date on which such person makes its Initial Capital Contribution to the RTO LLC, shall have the right to purchase from the Corporation one (1) share of Class B Common Stock for a purchase price equal to the then existing public market price for one share of Class A Common Stock or, if there is no such public market price, ten dollars ($10), which share shall be issued fully paid and nonassessable to such person (or such person's designee) upon receipt therefrom of such purchase price. At every meeting of shareholders, (i) except as specifically otherwise required by law, the holders of Class B Common Stock shall not be entitled to propose any matter for shareholder approval, and (ii) except as specifically otherwise required by law or by Section D of this Article VI of these Articles of Incorporation, the holders of Class B Common Stock shall not be entitled to vote on any matter presented for a vote of the shareholders of the Corporation, including the election of directors of the Corporation. For purposes of these Articles of Incorporation: (i) "Interest" means, with respect to any Member at any time, such Member's entire beneficial ownership interest in the RTO LLC at such time, (ii) "Member" means a member of the RTO LLC, and (iii) "Initial Capital Contribution" means any initial capital contribution to the RTO LLC made pursuant to the terms of the Limited Liability Company Operating Agreement for the RTO LLC.

D. CERTAIN VOTING RIGHTS. Notwithstanding any provision of this Article VI of these Articles of Incorporation to the contrary, the following matters, and only the following matters, shall require the approval of a majority of the outstanding shares of Class A Common Stock and the outstanding shares of Class B Common Stock, voting together as a single class, for which vote the holders of Class A Common Stock shall be entitled to one vote per share of Class A Common Stock and the holders of Class B Common Stock shall be entitled to one vote per share of Class B Common Stock and one vote per share of Class B Common Stock

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[1] The Limited Liability Company Operating Agreement for the RTO LLC will provide that the formula for the contemplated conversion shall be set forth in an agreement between the members of the RTO LLC and the holders of Class B Common Stock

into which any Interest in the RTO LLC of any such holder (or any person who designated such holder to receive such stock pursuant to Section C of this Article VI) is then convertible pursuant to the terms and conditions of the Limited Liability Company Operating Agreement for the RTO LLC:

(i) any proposal to issue more than ten percent (10%) of any outstanding class or series of securities of the Corporation to one or more affiliates (as defined in Order No. 2000 and all supplements and amendments thereto issued by the FERC) of the Corporation, other than those issuances of securities, including distributions thereof, that are made on the same terms to all shareholders of the Corporation.

(ii) any proposal by the Corporation to (a) enter into any transaction that would result in a change of control of the Corporation, (b) sell, transfer, lease, exchange or otherwise dispose of all, or substantially all, of the assets of the Corporation (other than pursuant to a mortgage or security interest entered into in connection with a financing of the Corporation's business) and all or a portion of the consideration received therefor by the Corporation is cash, or (c) merge or consolidate with or into any other entity and all or a portion of the consideration received therefor by the shareholders of the Corporation is cash; provided, however, that the approval of the holders of Class B Common Stock shall not be required by these Articles of Incorporation for any transaction for which the Corporation or the shareholders of the Corporation, as the case may be, would not receive consideration in cash and that would result in the transfer of control of the Corporation to a transmission owner or an RTO (as defined by FERC) that is located in Florida or the geographic area covered by the Southeastern Electric Reliability Council, as it existed on September 1, 2000, unless a holder of Class B Common Stock requests an independent investment banker to render an opinion to the holders of Class B Common Stock to the effect that the terms of such transaction are fair to the interests of the holders of Class B Common Stock in the Corporation from a financial point of view and such independent investment banker determines that it cannot render such an opinion; provided further that (x) any rejection of a merger or consolidation by the holders of Class B Common Stock will be subject to a FERC determination that such merger or consolidation would adversely impact the integrity of the investment in the Corporation of the holders of Class B Common Stock, (y) immediately following their decision to reject a merger or consolidation, the holders of Class B Common Stock voting against such merger or consolidation shall file with FERC for such a

determination, and (z) any such merger or consolidation shall not be deemed to have been approved or rejected until the FERC has made its determination. A "change of control" or "transfer of control" as applied herein to the Corporation shall be deemed to have occurred if, following the consummation of any transaction (other than an issuance of voting securities of the Corporation pursuant to a proposal by the Board of Directors to register, under the Securities Act of 1933, as amended, such voting securities of the Corporation for sale for the Corporation's own account), less than fifty percent (50%) of the outstanding voting securities of the Corporation (or any successor entity resulting from such transaction) is held by those holders of voting securities of the Corporation immediately prior to the consummation of such transaction. The independent investment banker contemplated hereby shall be selected as follows: (i) the Corporation shall submit to the holders of Class B Common Stock a list of five nationally or regionally recognized investment bankers and their respective qualifications, provided, that none of such investment bankers shall have acted as an advisor or an underwriter for, or otherwise represented, the Corporation, any holder of Class B Common Stock, the RTO LLC, any member of the RTO LLC, any other party to the transaction in question, or any affiliate (as defined in Order No. 2000 and all supplements and amendments thereto issued by the FERC) of the foregoing entities at any time during the two (2) previous years; and (ii) the holders of Class B Common Stock shall, by an affirmative vote of a majority of the holders of Class B Common Stock outstanding, select an investment banker from such list to be retained to render the opinion contemplated hereby.

(iii) any proposal to enter into any acquisition or business development opportunity that is otherwise permissible under Article V of these Articles of Incorporation but is not (a) related to the provision of electric transmission service, including but not limited to the formation and administration of electric markets, or other services or functions that are commonly performed by RTOs, or (b) a business with electric transmission facilities located in, or that are directly interconnected with transmission facilities located in, Florida or the geographic area covered by the Southeastern Electric Reliability Council, as it existed on September 1, 2000.

(iv) any proposal to (a) institute proceedings to have the Corporation adjudicated bankrupt or insolvent, (b) consent to the institution of bankruptcy or insolvency proceedings against the Corporation, (c) file a petition seeking a reorganization of the Corporation under federal or state bankruptcy laws, (d)

consent to the appointment of a receiver or trustee for the Corporation, or (e) make an assignment for the benefit of creditors of the Corporation.

(v) any proposal to amend these Articles of Incorporation that affects the rights of holders of Class B Common Stock, including the right to convert into Class A Common Stock.

E. CONVERSION RIGHTS. Subject to the terms and conditions stated herein, the holder of any shares of Class B Common Stock shall have the right, at any time, at such holder's option, to convert all or a portion of the shares of Class B Common Stock held by such holder into the same number of shares (the "Conversion Ratio") of Class A Common Stock. Such right of conversion shall be exercised by (A) giving written notice (the "Notice") to the Corporation at its principal office at least ten (10) days prior to the Conversion Date (as defined below) specified therein that the holder elects to convert a stated number of shares of Class B Common Stock into shares of Class A Common Stock on the date specified in the Notice (the "Conversion Date"), (B) by surrendering the certificate or certificates representing at least the number of shares of Class B Common Stock to be converted to the Corporation at its principal office at any time during the usual business hours on or before the Conversion Date, duly endorsed in blank by the record owner of each certificate so surrendered, together with a statement of the name or names (with addresses) of the person or person(s) in whose name or names the certificate or certificates for shares issued upon conversion shall be registered, together with either funds in the amount of any tax that may be payable with respect to any issuance and delivery of the shares of Class A Common Stock to a person other than the holder of the shares of Class B Common Stock to be converted or satisfactory evidence that such tax has been paid, is not payable or will be paid upon issuance of the shares of Class A Common Stock.

In the event that any of the shares of Class A Common Stock to be issued upon conversion are subject to restrictions on ownership (such as ownership by Market Participants) under these Articles of Incorporation or otherwise, the Corporation shall require, as a further condition to any such conversion, satisfactory evidence that either the proposed conversion will not violate any such restrictions or that immediately upon such conversion, the holder of the shares of Class B Common Stock surrendered for conversion shall sell any shares of Class A Common Stock issued upon the conversion to a person or entity that is qualified to hold such shares under these Articles of Incorporation.

Shares of Class B Common Stock that have been converted hereunder shall not be canceled but shall remain as treasury shares, available for reissue by the Corporation, unless retired by resolution of the Board of Directors.

The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock shares of Class A Common Stock in a quantity sufficient to provide for the conversion of all outstanding shares of Class B Common Stock into shares of Class A Common Stock. If any shares of Class A Common Stock require registration with or approval of any governmental authority under any federal or state law before such shares may be issued upon conversion, the Corporation shall cause such shares to be duly registered or approved, as the case may be. The Corporation shall endeavor to use its commercially reasonable efforts to list the shares of Class A Common Stock to be delivered upon conversion prior to such delivery upon each national securities exchange upon which the outstanding shares of Class A Common Stock are listed at the time of such delivery. All shares of Class A Common Stock that shall be issued upon conversion shall, upon issue, be fully paid and nonassessable.

Subject to the other provisions of this Section E, promptly after (A) the Conversion Date and (B) the surrender of such certificate or certificates representing the share or shares of Class B Common Stock to be converted, the Corporation shall issue and deliver, or cause to be issued and delivered, to the holder requesting conversion, registered in such name or names as such holder may direct, a certificate or certificates for the number of shares of Class A Common Stock issuable upon the requested conversion, together with a certificate or certificates evidencing any balance of the shares of Class B Common Stock surrendered to the Corporation but not then being converted.

To the extent permitted by law, such conversion shall be deemed to have been effected as of the close of business on the later of the Conversion Date or the date upon which the Corporation shall have received the certificate or certificates representing the share or shares of Class B Common Stock to be converted, and at such time the rights of the holder of such share or shares as such holder shall cease, and the person or persons in whose name or names any certificate or certificates for shares shall be issuable upon such conversions shall be deemed to have become the holder or holders of records of such shares of Class A Common Stock.

The issuance of certificates representing shares of Class A Common Stock upon the conversion of Class B Common Stock, as hereinabove set forth, shall

be made without charge or any expense or issuance tax in respect thereof; provided, however, that if any certificate is to be issued in a name other than that of the holder of the shares converted, the Corporation shall not be required to issue or deliver any such certificate unless and until the person requesting the issuance thereof shall have (i) paid to the Corporation the amount of any tax that may be payable with respect to any transfer involved in the issuance and delivery of such certificate or (ii) established to the satisfaction of the Corporation that such tax has been paid or is not payable.

F. ADJUSTMENTS. In case the Corporation shall (i) pay or make a dividend or other distribution on the Class A Common Stock in shares of Class A Common Stock, (ii) subdivide or split the outstanding shares of Class A Common Stock into a larger number of shares or (iii) combine the outstanding shares of Class A Common Stock into a smaller number of shares, then in each such case the Conversion Ratio shall be adjusted to equal the number of such shares of Class A Common Stock to which the holder of one share of Class B Common Stock would have been entitled upon the occurrence of such event had such share of Class B Common Stock been converted immediately prior to the happening of such event or, in the case of a stock dividend or other distribution, prior to the record date for determination of shareholders entitled thereto. An adjustment made pursuant to this Section F shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, split or combination.

In case of any capital reorganization or any reclassification of the capital stock of the Corporation (whether pursuant to a merger or consolidation or otherwise), each share of Class B Common Stock shall thereafter be convertible into the number of shares of stock or other securities or property receivable upon such capital reorganization or reclassification of capital stock, as the case may be, by a holder of the number of shares of Class A Common Stock into which such share of Class B Common Stock was convertible immediately prior to such capital reorganization or reclassification of capital stock; and, in any case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made for the application of the provisions of this Section F with respect to the rights and interests thereafter of the holders of Class B Common Stock to the end that the provisions set forth in this Section F shall thereafter be applicable, as nearly as reasonably practicable, in relation to any shares of stock or other securities or property thereafter deliverable upon the conversion of shares of Class B Common Stock.

In case of any consolidation of the Corporation with, or merger of the Corporation into, any other person, any merger of another person into the Corporation (other than a merger which does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Class A Common Stock) or any sale or transfer of all or substantially all of the assets of the Corporation to the person formed by such consolidation or resulting from such merger or which acquires such assets, as the case may be, each share of Class B Common Stock shall thereafter be convertible into the kind and amount of securities, cash and other property receivable upon such consolidation, merger, sale or transfer by a holder of the number of shares of Class A Common Stock into which, a share of Class B Common Stock may have been converted immediately prior to such consolidation, merger, sale or transfer. Adjustments for events subsequent to the effective date of such a consolidation, merger, sale or transfer of assets shall be as nearly equivalent as may be practicable to the adjustment provided for in this Section F. In any such event, effective provisions shall be made in the certificate or articles of incorporation of the resulting or surviving corporation, or in any contract of sale, merger, conveyance, lease, transfer or otherwise so that the provisions set forth in this Section F for the protection of the rights of the holders of shares of Class B Common Stock shall thereafter continue to be applicable; and any such resulting or surviving corporation shall expressly assume the obligation to deliver, upon exercise, such shares of stock, other securities, cash and property. The provisions of this Section F shall similarly apply to successive consolidations, mergers, sales, leases or transfers.

In case the Corporation shall, by dividend or otherwise, distribute to all holders of its Class A Common Stock shares of any of its capital stock (other than Class A Common Stock), options, rights or warrants to purchase any of its securities, cash, other assets or evidences of its indebtedness, then in each such case the Conversion Ratio shall be adjusted by multiplying the Conversion Ratio immediately prior to the date of such dividend or distribution by a fraction, of which the numerator shall be the Fair Market Value (as defined below) per share of Class A Common Stock at the record date for determining shareholders entitled to such dividend or distribution, and of which the denominator shall be such Fair Market Value per share less the Fair Market Value of the portion of the securities, cash, assets or evidences of indebtedness so distributed applicable to one share of Class A Common Stock. For purposes hereof, "Fair Market Value" as at any date of determination means the fair market value of the business, securities (and with respect to a share of Class A Common Stock, if shares of Class A Common Stock are not publicly traded, shall mean a proportionate amount of the Fair Market Value of the Corporation as of such

date, as determined in good faith by the Board of Directors), property or services in question as of such date, as determined in good faith by the Board of Directors; provided, however, that if, at any date of determination of the Fair Market Value of Class A Common Stock, shares of Class A Common Stock shall then be publicly traded, then the Fair Market Value of a share of Class A Common Stock outstanding on such date shall be the average daily closing prices of one share of Class A Common Stock for the twenty (20) consecutive trading days ending on the most recent trading day prior to the date of determination.

G. LIQUIDATION, DISSOLUTION, ETC. In the event of any liquidation, dissolution or winding up (either voluntary or involuntary) of the Corporation, the holders of shares of Class A Common Stock and the holders of Class B Common Stock shall be entitled to receive the assets and funds of the Corporation available for distribution after payments to creditors and to the holders of any Preferred Stock of the Corporation that may at the time be outstanding, in proportion to the number of shares held by them, respectively, without regard to class.

H. PREFERRED STOCK. The Board of Directors is hereby expressly authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more classes or series, and to fix for each such class or series such voting power, full or limited (in which case Market Participants will be restricted from ownership thereof unless the voting power of such Preferred Stock does not exceed the voting powers vested in Class B Common Stock by these Articles of Incorporation), or no voting powers, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such class or series, including, without limitation, the authority to provide that any such class or series may be (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; or (iv) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions.

I. POWER TO SELL AND PURCHASE SHARES. Subject to any applicable provision of law or these Articles of Incorporation, the Corporation shall have the power to issue and sell all or any part of any class of stock herein or hereafter authorized to such persons, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, whether or not greater consideration could be received upon the issue or sale of the same number of shares of another class, and as otherwise permitted by law. Subject to any applicable provision of law or these Articles of Incorporation, the Corporation shall have the power to purchase any class of stock herein or hereafter authorized from such persons, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, whether or not less consideration could be paid upon the purchase of the same number of shares of another class, and as otherwise permitted by law.

ARTICLE VII

MANAGEMENT OF THE CORPORATION

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and shareholders:

A. BOARD OF DIRECTORS. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

B. BY-LAWS. In furtherance, and not in limitation, of the powers conferred upon it by the laws of the State of Florida, the Board of Directors shall have the power to make, alter, amend, change, add to or repeal the By-Laws of the Corporation. The By-Laws of the Corporation also may be made, altered, amended, changed, added to or repealed by the affirmative vote of the holders of at least two-thirds of the outstanding shares of Class A Common Stock. Notwithstanding anything contained herein to the contrary, neither the Board of Directors nor the shareholders of the Corporation may amend the By-Laws of the Corporation in any manner that is inconsistent with Order No. 2000 and all supplements and amendments thereto issued by the FERC or any other applicable requirements of such other rules and orders as the FERC may now or hereafter issue regarding RTOs. A public informational copy of each amendment to the By-Laws of the Corporation shall be filed with the FERC together with a certificate duly executed on behalf of the

Corporation certifying that such amendment is in compliance with Order No. 2000 and all supplements and amendments thereto issued by the FERC and all other applicable requirements of such other rules and orders as the FERC may now or hereafter issue regarding RTOs.

C. NUMBER OF DIRECTORS AND COMPOSITION OF THE BOARD. The initial number of directors of the Corporation shall be nine (9).[2] The number of directors of the Corporation may be increased or decreased from time to time, in the manner provided in the By-Laws of the Corporation, but shall in no event be less than nine (9) nor more than [twelve (12)]. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, directors shall be elected by a plurality of the votes cast by the shares of Class A Common Stock present and entitled to vote thereon at a meeting at which a quorum is present. Shares of Class B Common Stock shall not be entitled to vote in any election of directors. Election of directors need not be by written ballot unless the By-Laws so provide.

D. CLASSIFICATION OF BOARD. The Board of Directors shall be and is divided into three classes of directors of as nearly equal numbers as is possible, designated Class I, Class II and Class III, respectively, serving staggered three-year terms, with the term of a class expiring at each Annual Meeting of Shareholders. At each Annual Meeting of Shareholders, a number of directors equal to the number of directors of the class whose terms expires at such Annual Meeting of Shareholders (or the number of directors properly nominated and qualified for election) shall be elected to hold office until the third succeeding Annual Meeting of Shareholders after their election. Any increase or decrease in the number of directors shall be so apportioned among the classes of directors as to make all classes as nearly equal in number as possible. In all cases, each director shall serve until a successor has been elected and qualified or until such director's earlier resignation, retirement, removal from office, death or disability.

E. VACANCIES; REMOVAL. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, any vacancy on the Board of Directors resulting from an increase in the number of directors may be filled only by a majority of the Board of Directors then in office, provided that a quorum is present,

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[2] It is anticipated that the names and addresses of the nine initial directors will be set forth in the Articles of Incorporation, as permitted by the Florida Business Corporation Act.

and any other vacancy on the Board of Directors may be filled only by the remaining directors (even though less than a quorum) or by a sole remaining director, in each case for the full term of the class of directors in which the vacancy occurs or is created. The Corporation's shareholders shall not, and shall have no power to, fill any vacancy on the Board of Directors. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, any or all of the directors of the Corporation may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of the Corporation's then outstanding capital stock entitled to vote generally in the election of directors. Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an Annual or Special Meeting of Shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of these Articles of Incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Article VII unless expressly provided by such terms.

F. PERSONAL LIABILITY. No director shall be personally liable to the Corporation or any of its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 607.0834 of the Florida Business Corporation Act or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of this Article VII by the shareholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

G. ADDITIONAL POWERS. In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the Florida Business Corporation Act, these Articles of Incorporation, and any By-Laws adopted by the shareholders; provided, however, that no By-Laws hereafter adopted by the shareholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

H. DIRECTOR QUALIFICATIONS. In addition to any qualifications that may be required by law, no person shall be nominated or elected a director of the Corporation, nor may any person serve or continue to serve as a director of the Corporation, unless and until such person has satisfied all of the qualifications for directors of the Corporation, including any qualifications for director independence, as may be set forth from time to time in these Articles of Incorporation or the By-Laws of the Corporation.

I. FIDUCIARY OBLIGATIONS. In managing the business and affairs of the Corporation, the directors of the Corporation shall perform their duties in a manner consistent with the directors' fiduciary duties to the shareholders of the Corporation under Florida law. In so performing such duties, the directors shall consider the interests of the shareholders of the Corporation solely in their capacity as investors in the Corporation but shall have no duty to consider, and shall not consider, any other interests that the shareholders of the Corporation may have in any other business, asset or liability, including any interests such shareholders may have as participants in the electric markets served by the Corporation, such that the Corporation shall, under no circumstance, be used to protect or promote any such present or future interest of any shareholder.

ARTICLE VIII

INDEMNIFICATION

The Corporation shall indemnify and may insure its officers and directors to the fullest extent permitted by law currently in effect or hereinafter enacted, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heir, executor or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The right to indemnification conferred by this Article VIII shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition.

The Corporation may, to the extent authorized from time to time by the By-Laws of Corporation or the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under these Articles of Incorporation, the By-Laws of the Corporation, any statute, agreement, vote of shareholders or disinterested directors or otherwise.

Any repeal or modification of this Article VIII shall not adversely affect any rights to indemnification and the advancement of expenses of a director or officer of the Corporation existing at the time of such repeal or modification with respect to any acts or omission occurring prior to such repeal or modification.

ARTICLE IX

MEETINGS OF SHAREHOLDERS

A. CALL OF SPECIAL MEETINGS OF SHAREHOLDERS. Except as required by law, the Corporation shall not be required to hold a Special Meeting of Shareholders of the Corporation unless (in addition to any other requirements of law): (i) the holders of not less than fifty (50) percent of all the votes entitled to be cast on any issue proposed to be considered at the proposed Special Meeting of Shareholders sign, date and deliver to the Corporation's Secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held; (ii) the meeting is called by the Board pursuant to a resolution adopted by a majority of the entire Board of Directors; or (iii) the meeting is called by the Chairman of the Board of Directors. Only business within the purpose or purposes described in the special meeting notice required by Section 607.0705 of the Florida Business Corporation Act may be conducted at a Special Meeting of Shareholders.

B. DIRECTOR NOMINATIONS. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation at an Annual or Special Meeting of Shareholders. Nominations of persons for election to the Board of Directors at an Annual or Special Meeting of

Shareholders may be made (i) by or at the direction of the Board of Directors by any nominating committee or person appointed by the Board of Directors or (ii) by any shareholder of the Corporation entitled to vote for the election of directors at such meeting who complies with the procedures set forth in this Section B; provided, however, that nominations for persons for election to the Board of Directors at a Special Meeting of Shareholders may be made only if the election of directors is one of the purposes described in the special meeting notice required by Section 607.0705 of the Florida Business Corporation Act. Nominations of persons for election at a Special Meeting of Shareholders, other than nominations made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation delivered to or mailed and received at the principal office of the Corporation not later than the close of business on the [fifth (5th)] day following the date on which notice of such meeting is given to shareholders or made public, whichever first occurs. Nominations of persons for election at an Annual Meeting of Shareholders, other than nominations made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation delivered to or mailed and received at the principal office of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the first anniversary of the date of the Corporation's notice of Annual Meeting of Shareholders provided with respect to the previous year's Annual Meeting of Shareholders; provided, however, that if no Annual Meeting of Shareholders was held in the previous year, or the date of the current year's Annual Meeting of Shareholders has been changed to be more than thirty (30) calendar days earlier than the date of the first anniversary of the previous year's Annual Meeting of Shareholders, such notice by the shareholder, to be timely, must be so delivered to or mailed and received at the principal office of the Corporation not later than the close of business on the [fifth (5th)] day following the date on which notice of the date of the Annual Meeting of Shareholders is given to shareholders or made public, whichever first occurs. Such shareholder's notice to the Secretary of the Corporation shall set forth the following information: (a) as to each person whom the shareholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the proposed nominee, (ii) the principal occupation or employment of the proposed nominee, (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the proposed nominee, (iv) any other information relating to the proposed nominee that is required to be disclosed in solicitations for proxies for election of directors pursuant to Rule 14a under the Securities Exchange Act of 1934, as amended, and (v) such information as is necessary to determine whether the proposed nominee satisfies the qualifications to serve as a director set forth in these Articles of Incorporation or the By-Laws of the

Corporation; and (b) as to the shareholder giving notice of nomination for election, (i) the name and record address of such shareholder, and (ii) the class and number of shares of capital stock of the Corporation which are beneficially owned by such shareholder. The Corporation may require any proposed nominee for election to furnish such other information as may be reasonably required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the requirements of this Section B, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

C. SHAREHOLDER PROPOSALS. At an Annual Meeting of Shareholders, only such business shall be conducted as shall have been properly brought before such meeting. To be properly before an Annual Meeting of Shareholders, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a shareholder. In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting of Shareholders by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation delivered to or mailed and received at the principal office of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the first anniversary of the date of the Corporation's notice of Annual Meeting of Shareholders provided with respect to the previous year's Annual Meeting of Shareholders; provided, however, that if no Annual Meeting of Shareholders was held in the previous year, or the date of the current year's Annual Meeting of Shareholders has been changed to be more than thirty (30) calendar days earlier than the date of the first anniversary of the previous year's Annual Meeting of Shareholders, such notice by the shareholder, to be timely, must be so delivered to or mailed and received at the principal office of the Corporation not later than the close of business on the [fifth (5th)] day following the date on which notice of the date of the Annual Meeting of Shareholders is given to shareholders or made public, whichever first occurs. Such shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the Annual Meeting of Shareholders: (i) a brief description of the business desired to be brought before the Annual Meeting of Shareholders and the reasons for conducting such business at the Annual Meeting of Shareholders, (ii) the name and record address of the shareholder proposing such business, (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by such

shareholder, and (iv) any material interest of such shareholder in the such business. The chairman of the Annual Meeting of Shareholders shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the requirements of this Section C, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

ARTICLE X

LOCATION OF MEETINGS AND RECORDS

Meetings of shareholders may be held within or without the State of Florida, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the Florida Business Corporation Act) outside the State of Florida at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

ARTICLE XI

ACTION BY SHAREHOLDERS WITHOUT A MEETING[3]

[No action required or permitted to be taken at an Annual Meeting of Shareholders or at a Special Meeting of Shareholders may be taken without a meeting. The power of the shareholders to consent in writing, without a meeting, to the taking of any action is expressly denied hereby.]

ARTICLE XII

AFFILIATED TRANSACTIONS AND CONTROL-SHARE ACQUISITIONS

The Corporation shall not be governed by the Affiliated Transactions and Control-Share Acquisitions sections (Sections 607.0901 through 607.0903) of the Florida Business Corporation Act or any successor sections or statutes hereinafter enacted.

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[3] Although we would not recommend including this provision at this time, we would recommend an appropriate amendment to these Articles of Incorporation to add this provision immediately prior to the IPO.

ARTICLE XIII

AMENDMENTS

The Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon shareholders herein are granted subject to this reservation. Notwithstanding the foregoing, any amendment, alteration, change or repeal of any provision contained in these Articles of Incorporation (other than those contemplated by Section 607.1002 of the Florida Business Corporation Act, which may be approved by the Board of Directors without shareholder action) is, in addition to any other vote that may be required by law, subject to the approval of the holders of two-thirds of the outstanding shares of Class A Common Stock; provided, however that if any such amendment, alteration, change or repeal affects the rights of holders of Class B Common Stock, then such amendment, alteration, change or repeal shall also be subject to the approval of the holders of a majority of the outstanding shares of Class A Common Stock and the outstanding shares of Class B Common Stock, voting together as a single class, for which vote the holders of Class A Common Stock shall be entitled to one vote per share of Class A Common Stock and the holders of Class B Common Stock shall be entitled to one vote per share of Class B Common Stock and one vote per share of Class B Common Stock into which any Interest in the RTO LLC of any such holder (or any person who designated such holder to receive such stock pursuant to Section C of Article VI of these Articles of Incorporation) is then convertible pursuant to the terms and conditions of the Limited Liability Company Operating Agreement for the RTO LLC. Notwithstanding anything contained herein to the contrary, neither the Board of Directors nor the shareholders of the Corporation may amend these Articles of Incorporation in any manner that is inconsistent with Order No. 2000 and all supplements and amendments thereto issued by the FERC or any other applicable requirements of such other rules and orders as the FERC may now or hereafter issue regarding RTOs. A public informational copy of each amendment to these Articles of Incorporation shall be filed with the FERC on or before thirty (30) days prior to the effectiveness of such amendment together with a certificate duly executed on behalf of the Corporation certifying that such amendment is in compliance with Order No. 2000 and all supplements and amendments thereto issued by the FERC and all other applicable requirements of such other rules or orders as the FERC may now or hereafter issue regarding RTOs.

ARTICLE XIV

INCORPORATOR

The name and address of the incorporator of the Corporation is [Name To Come], [Address To Come].

I, THE UNDERSIGNED, being the Incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the Florida Business Corporation Act, have executed these Articles of Incorporation this ___ day of _____, 2000.

_____
[To Come]
Incorporator

IN WITNESS WHEREOF, I, [To Come], having been named Registered Agent and to accept service of process for GF Inc. at the place designated in these Articles of Incorporation, hereby accept the appointment as Registered Agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as Registered Agent this ___ day of _____, 2000.

_____
[To Come]
Registered Agent

STATE OF FLORIDA)
)SS:
COUNTY OF [TO COME])

The foregoing instrument was acknowledged before me this ___ day of _____, 2000 by [Insert Registered Agent Name], who is personally know to me and who did take an oath.

_____
Notary Public
State of Florida

Printed Name:_____

Commission No.:_____

My Commission Expires:_____

(291355)

---------- COMPARISON OF FOOTNOTES

-FOOTNOTE 1-
The Limited Liability Company Operating Agreement for the RTO LLC will provide that the formula for the contemplated conversion shall be set forth in an agreement between the members of the RTO LLC and the holders of Class B Common Stock

-FOOTNOTE 2-
It is anticipated that the names and addresses of the nine initial directors will be set forth in the Articles of Incorporation, as permitted by the Florida Business Corporation Act.

-FOOTNOTE 3-
Although we would not recommend including this provision at this time, we would recommend an appropriate amendment to these Articles of Incorporation to add this provision immediately prior to the IPO.

---------- COMPARISON OF FOOTERS

-FOOTER 1-
291355.19-D.C. Server 1A Draft May 21, 2001 - 10:25 am

LIMITED LIABILITY COMPANY OPERATING AGREEMENT
FOR
GRIDFLORIDA LLC

This Limited Liability Company Agreement (the "Agreement") of GridFlorida LLC (the "Company") is made and entered into as of this ___ day of _____, 2001 by and among GF Inc., a Florida corporation (the "RTO Manager"), [Florida Power & Light Company, a Florida corporation ("FPL")][1], and [Others], and each Person (as defined herein) who may be admitted from time to time as a member of the Company (the RTO Manager, FPL, [Others] and each such Person, individually, a "Member" and collectively, the "Members").

RECITALS

WHEREAS, the Company has been formed in accordance with the provisions of the Florida Limited Liability Company Act, as in effect on the date hereof, and as it may be amended from time to time (the "Act"), and the Members desire to enter into a written agreement pursuant to the Act governing the affairs of the Company and the conduct of its business.

NOW THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained herein, the Members agree as follows:

ARTICLE 1
Definitions

"Act" means the Florida Limited Liability Company Act, as in effect on the date hereof, and as it may be amended from time to time.

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[1] The actual party to the agreement may be FPL or one of its affiliates, depending on which entity then holds the transmission assets being contributed to the Company.

"Additional Capital Contributions" means any additional capital contributions made pursuant to Section 3.3 of this Agreement.

"Affiliate" means an affiliate, as defined by the FERC in Order No. 2000.

"Approval Terms" means the provisions of Sections 6.2, 8.5, 9.6, 10.5, 11.2, and 11.3 and Article 13 of this Agreement, including the applicable defined terms used in such provisions.

"Book Tax Value", with respect to any asset of the Company, means:

(i) the initial Book Tax Value of any asset contributed by an initial Member to the Company as an Initial Capital Contribution on the date hereof shall equal the Net Book Value of such asset; the initial Book Tax Value of any asset contributed or agreed with the Company to be contributed by a Member (or prospective Member) to the Company as a Capital Contribution after the date hereof but prior to the Final Put Date shall equal the Net Book Value of such asset; and, the initial Book Tax Value of any asset contributed by a Member to the Company as a Capital Contribution on or after the Final Put Date shall equal the fair market value of such asset, as agreed to by such Member and the Managing Member (which fair market value may be either greater or less than Net Book Value);

(ii) the initial Book Tax Value of any asset acquired (other than by means of a Capital Contribution by a Member) or created by the Company shall equal the adjusted tax basis of such asset for U.S. Federal income tax purposes;

(iii) the Book Tax Values of all Company assets (including intangible assets such as goodwill) shall be adjusted by the Tax Matters Partner to equal their respective fair market values as of the following times (each a "Revaluation Event"):

(a) the acquisition of an additional Interest in the Company by any new or existing Members in exchange for a Capital Contribution;

(b) the distribution by the Company to a Member of money or Company property as consideration for an Interest in the Company; and

(c) the liquidation of the Company within the meaning of Regulations section 1.704-1(b)(2)(iv)(f)(5)(ii);

provided, however, that adjustments pursuant to clauses (a) and (b) above shall be made only if the Tax Matters Partner reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(iv) the Book Tax Values of all Company assets (including intangible assets such as goodwill) shall be adjusted to reflect any adjustments to the adjusted basis of such assets pursuant to Code sections 734(b) or 743(b), but only to the extent that such adjustments are required to be taken into account in determining Capital Accounts pursuant to Regulations section 1.704-1(b)(2)(iv)(m); provided, however, that Book Tax Values shall not be adjusted pursuant to this subsection (iv) to the extent that the Tax Matters Partner determines that an adjustment pursuant to subsection (iii) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (iv); and

(v) if the Book Tax Value of an asset has been determined or adjusted pursuant to subsection (i), (ii), (iii) or (iv) above, such Book Tax Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses and other items allocated pursuant to Sections 4.1 through 4.3.

The foregoing definition of Book Tax Value is intended to comply with the provisions of Regulations section 1.704-1(b)(2)(iv) and shall be interpreted and applied consistently therewith.

"Business Day" means any day (other than a day which is a Saturday, Sunday or legal holiday in the State of Florida).

"Capital Account" means, for each Member, the capital account maintained by the Company for such Member as described in Section 4.1.

"Capital Contribution" means the amount of money and the initial Book Tax Value of other property voluntarily contributed by a Member to the Company, including Initial Capital Contributions and Additional Capital Contributions.

"Code" means the Internal Revenue Code of 1986, as amended from time to time or any successor statute. A reference to the Code shall be deemed to include any mandatory or successor provisions thereto.

"Code of Conduct" means the Code of Conduct applicable to the RTO Manager and the Company, as approved by the FERC and in effect from time to time.

"Depreciation" means, for each Fiscal Year or part thereof, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable for U.S. Federal income tax purposes with respect to an asset for such Fiscal Year or part thereof, except that if the Book Tax Value of an asset differs from its adjusted basis for U.S. Federal income tax purposes at the beginning of such Fiscal Year, the depreciation, amortization, or other cost recovery deduction for such Fiscal Year or part thereof shall be an amount which bears the same ratio to such Book Tax Value as the U.S. Federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or part thereof bears to such adjusted tax basis. If such asset has a zero adjusted tax basis, the depreciation, amortization, or other cost recovery deduction for each taxable year shall be determined under a method reasonably selected by the Tax Matters Partner.

"Economic Terms" means the provisions of Sections 2.7, 2.10, 2.11 and 2.12, Article 3, Article 4, Article 5, Article 6, Sections 7.1(b), 7.2(d) and 7.3, Article 10, Article 11, Article 12 and Sections 14.7, 14.10 and 14.11, including the applicable defined terms used in such provisions.

"FERC" means the Federal Energy Regulatory Commission, or any successor entity thereto.

"Final Put Date" means the date that the Company declares to be the Final Put Date, which date shall be at least ninety (90) days following the date on which that certain advisory committee to the Company, which has been approved by the FERC, receives written notice of the Company's declaration of the Final Put Date, provided, however, that in no event, shall the Final Put Date be earlier than the date that is six months following the date that the Company begins commercial operations.

"Fiscal Year" means the fiscal year of the Company as defined in Section 2.9 hereof.

"Formation Date" means the date on which the term of the Company shall commence as defined in Section 2.5 hereof.

"GAAP" means generally accepted accounting principles, as in effect from time to time.

"Initial Capital Contribution" means any initial capital contribution made pursuant to Section 3.2 of this Agreement.

"Interest" means, with respect to any Member at any time, such Member's entire beneficial ownership interest in the Company at such time, including such Member's Capital Account, voting rights, and right to share in profits and losses, all items of income, gain, loss, deduction and credit, distributions and all other benefits and liabilities of the Company, together with such Member's obligations to comply with all of the terms of this Agreement.

"Liquidator" has the meaning set forth in Section 11.2 hereof.

"Majority of the Members" means Members holding Percentage Interests representing more than fifty percent (50%) of the outstanding Interests in the Company.

"Managing Member" means the RTO Manager.

"Market Participant" means a Market Participant as defined in Order No. 2000.

"Member and Shareholder Agreement" means that certain Member and Shareholder Agreement dated as of _____, by and between the Members of the Company, the holders of Class B Common Stock of the RTO Manager, and the RTO Manager.

"Net Book Value" of an asset contributed (or proposed to be contributed) by a Member (or a prospective Member) to the Company as an Initial Capital Contribution or for cash means (i) for those Members (or prospective Members) who maintain their financial books and records in accordance with the FERC's Uniform System of Accounts, the net book value of such asset as determined pursuant to the FERC's Uniform System of Accounts, adjusted for accumulated deferred income taxes, if any, so as to approximate the FERC rate base for such assets, and (ii) for those Members (or prospective Members) who do not maintain their financial books and records in accordance with the FERC's Uniform System of Accounts, the best reasonable estimate of the original cost of such asset, net of depreciation, as reasonably determined consistent with the FERC's Uniform System of Accounts, adjusted for accumulated deferred income taxes, if any, so as to approximate the FERC rate base for such assets.

"Order No. 2000" means Order No. 2000 and all supplements and amendments thereto issued by the FERC.

"Percentage Interest" means with respect to any Member, as of any date, the ratio (expressed as a percentage) of such Member's Capital Account on such date to the aggregate Capital Accounts of all Members on such date, such Capital Accounts to be determined after giving effect to all contributions, distributions and allocations for all periods ending on or prior to such date, which ratio, following any such determination, shall be set forth on Schedule A attached hereto, as amended from time to time.

"Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, governmental entity or any department or agency thereof.

"Profits" or "Losses" means, for each Fiscal Year or part thereof, the taxable income or loss of the Company for such Fiscal Year or part thereof determined in accordance with Code section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) any income of the Company that is exempt from federal income tax shall be added to such taxable income or loss;

(ii) any expenditures of the Company described in Code section 705(a)(2)(B) of the Code or treated as such pursuant to Regulations section 1.704-1(b)(2)(iv)(i) shall be subtracted from such taxable income or loss;

(iii) any depreciation, amortization and other cost recovery deductions allowable for federal income tax purposes for such fiscal year shall be computed using Depreciation with reference to the Book Tax Value of the assets as reported for Capital Account purposes as opposed to the adjusted tax bases of such assets, in computing such taxable income or loss;

(iv) gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed with reference to the Book Tax Value of the property disposed of, rather than the adjusted tax basis of such property;

(v) in the event the Book Tax Value of any Company asset is adjusted pursuant to subsection (iii) or (iv) of the definition of Book Tax Value, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits and Losses; and

(vi) to the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code sections 734(b) or 743(b) is required to be taken into account in determining Capital Accounts pursuant Regula-

tions section 1.704-1(b)(2)(iv)(m)(4) as a result of a distribution other than in liquidation of a Member's Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses.

"Regulations" means the regulations promulgated under the Code by the Department of the Treasury, as such regulations may be amended from time to time.

"RTO" means an RTO as defined by Order No. 2000.

"Substitute Member" means a Person who has become a substitute Member pursuant to Section 10.3 hereof.

"Transfer" means any sale, assignment, gift, hypothecation, pledge, encumbrance, alienation, mortgage or other disposition, whether voluntary or by operation of law (other than a transfer which may arise by reason of death or incapacity), of an Interest or any portion thereof; provided, however, that for purposes of this Agreement, a Transfer shall not include the conversion of an Interest or any portion thereof pursuant to Section 3.4 hereof.

"Transferee" means a purchaser, transferee, assignee (other than assignees for purposes of collateralizing a Member's loan) or any other Person who takes, in accordance with the terms of this Agreement, an Interest in the Company.

ARTICLE 2
The Limited Liability Company

2.1 *Formation*. The Company was formed as a limited liability company pursuant to the provisions of the Act and in accordance with the further terms and provisions hereof. On _____, 2001, the Articles of Organization of the Company were filed with the Secretary of State of the State of Florida in conformity with the Act. Each of the Members shall execute or cause to be executed from time to time all other instruments, certificates, notices and documents, and shall do or

cause to be done all such filing, recording, publishing and other acts, in each case, as may be necessary or appropriate from time to time to comply with all applicable requirements for the formation and/or operation and, when appropriate, termination of a limited liability company in the State of Florida and all other jurisdictions where the Company shall desire to conduct its business.

2.2 *Name*. The name of the Company shall be GridFlorida LLC and its business shall be carried on in this name with such variations and changes as are necessary to comply with the requirements of the jurisdictions in which the Company's operations are conducted.

2.3 *Business Purpose*. The purpose of the Company is to obtain and maintain approval as a for-profit RTO and to operate as a for-profit RTO, to hold and operate certain transmission assets in respect of the same and, subject to the approval of the Members as may be required under this Agreement, to engage in or transact any other lawful act or activity or business for which a limited liability company may be formed under the Act; provided, however, that in no event shall the Company engage in or transact any activity or business that would result in the Company not being in compliance with Order No. 2000 and all applicable requirements of such rules and orders as the FERC may now or hereafter issue regarding RTOs; and provided further, that the Company shall not be a Market Participant and shall at no time hold, directly or indirectly, any interest in a Market Participant. The Company shall possess and may exercise all the powers and privileges granted by the Act or by any other law or by this Agreement, together with any powers incidental thereto, insofar as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business purposes or activities of the Company as described in the immediately preceding sentence. A public informational filing regarding any activity or business that the Company engages in or transacts that is not related to the services or functions that are commonly performed by RTOs shall be filed with the FERC on or before thirty (30) days prior to engaging in or transacting such activity or business together with a certificate duly executed on behalf of the Company certifying that engaging in or transacting such activity or business is in compliance with Order No. 2000 and all applicable requirements of such rules and orders as the FERC may now or hereafter issue regarding RTOs.

2.4 *Registered Office and Agent*. The registered office of the Company in the State of Florida and its registered agent for service of process on the

Company in the State of Florida shall be as set forth in the Articles of Organization of the Company, as filed with the Secretary of State of the State of Florida, as the same may be amended from time to time.

2.5 *Term*. The term of the Company shall commence on the date and time of the filing of the Articles of Organization of the Company in the office of the Secretary of State of the State of Florida (the "Formation Date") and shall continue until dissolved and liquidated in accordance with Article 11 hereof.

2.6 *Principal Office and Places of Business*. The mailing address and the street address of the principal office of the Company shall be located in the State of Florida, as determined by the Managing Member. The Company may from time to time have such other place or places of business within or without the State of Florida as the Managing Member may deem advisable.

2.7 *Title to Company Property*. No real or other property of the Company shall be deemed to be owned by any Member individually. Legal title to all property of the Company shall be held and conveyed in the name of, and vested solely in, the Company. Each Member's Interest in the Company shall constitute personal property.

2.8 *The Members*. The name, address and facsimile number and Percentage Interest of each Member is set forth on Schedule A attached hereto, which Schedule A shall be updated, from time to time, as provided under this Agreement.

2.9 *Fiscal Year*. Unless the Tax Matters Partner shall at any time otherwise determine in accordance with Code section 706, the fiscal year of the Company shall be the RTO Manager's taxable year, which ends on [December 31], and the initial Fiscal Year of the Company shall commence on the Formation Date and end on [December 31, 200_].

2.10 *No State Law Partnership*. The Members agree to form a limited liability company and intend that the Company not be a partnership (including a limited partnership) or joint venture under the laws of the State of Florida or any other laws and that no Member be a partner or joint venture of any other Member for any purpose; provided, however, that to the extent permitted by applicable law

and consistent with necessary tax elections, if any, the Company shall be treated as a partnership or other transparent entity for federal, state and local income tax purposes. This Agreement shall not be construed in any manner that is inconsistent with the foregoing.

2.11 *No Liability of Members*. All debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company. No Member shall have any liability for the debts, obligations or liabilities of the Company solely by reason of being a Member, and no Member shall have any liability for the debts, obligations or liabilities of any other Member.

2.12 *Acquisition of Transmission Facilities*. In order for the Company to acquire ownership of or operational control over transmission facilities covering the widest possible area, the Managing Member, on behalf of the Company, shall have the authority to acquire ownership of or otherwise obtain operational control over transmission facilities owned by others either through an agreement of sale, a lease, a management agreement, an operating agreement, participation in an involuntary conversion or condemnation proceeding or arrangement or any other arrangement, manner or device allowing the transfer of ownership or operational control of transmission facilities to the Company.

(a) In doing so the Company, or the Managing Member on behalf of the Company, shall require the entity whose transmission facilities the Company is acquiring ownership of and/or operational control over to transfer such ownership and/or control with respect to all of such entity's transmission facilities with a voltage of 69 kilovolts or higher. Notwithstanding the foregoing, such entity shall not be required to turn over ownership or operational control of a facility if (i) the entity requested an unqualified opinion from nationally recognized bond counsel that transferring ownership or control over such facility is not expected to adversely affect the exclusion from gross income of interest on any bonds used to finance such facility, and (ii) such nationally recognized bond counsel stated in writing that it is unable to provide such unqualified opinion, absent redemption of the bonds used to finance the facility or the taking of other remedial action with respect to such bonds. An entity relying on this provision must,

within 30 days of receipt of the statement from bond counsel described above, seek an IRS ruling that turning over ownership or control would not adversely affect the exclusion from gross income of interest on any bonds used to finance such facility. If the IRS grants such a ruling the entity shall be required to turn over ownership or control of such facility.

(b) The Managing Member, on behalf of the Company, may acquire or otherwise obtain ownership or control over additional transmission facilities in one or more of the foregoing ways without the approval of the Members (but subject to the Managing Member's fiduciary duty to the Members as set forth in Section 9.1(b) hereof); provided, however, that no Person shall be admitted as a Member of the Company, nor shall any Interests in the Company be issued, in connection with any of the foregoing, except in strict compliance with the provisions of Article 3 of this Agreement. In furtherance of the foregoing, for a period beginning on the date hereof and continuing until the Final Put Date, the Managing Member, on behalf of the Company, may not refuse to acquire or agree to acquire ownership of any transmission facility with a voltage of 69 kilovolts or higher that is located in peninsular Florida if, subject to Section 2.12(a), the owner of such transmission facility has offered ownership of its assets in service or under construction on or before December 15, 2001 at the Net Book Value of such assets in exchange for an Interest in the Company or cash, at the owner's option, and otherwise on commercially reasonable terms, provided, however, that any such owner shall have notified the Managing Member of its intent to do so no later than thirty days prior to the Final Put Date, provided further that the Managing Member may refuse to acquire ownership of such facilities for cash if the Managing Member reasonably determines that (i) such acquisition for cash will adversely impact the Company's ability to maintain an investment grade rating, (ii) the Company will be unable to secure financing to acquire such facilities for cash on terms reasonably satisfactory to Managing Member, (iii) such acquisition for cash will adversely impact the Company's ability to pay for the reliable and efficient operations of the transmission assets owned or controlled by the Company, (iv) such acquisition for cash will adversely impact the

Company's ability to satisfy its other payment obligations, or (v) such acquisition for cash will materially impair GF Inc.'s ability to complete a public offering of its securities. In connection with the foregoing, to the extent any such owner seeks to include debt or other liabilities along with its contributed assets, the Managing Member reasonably may determine whether the proposed level of such debt or other liabilities is excessive under the circumstances, consistent with Company maintaining an investment grade rating, and, if so, may require such owner to limit the amount of such debt or other liabilities.

(c) The Managing Member shall not, at any time, refuse to acquire operational control, in one or more of the ways described above, over any transmission facility with a voltage of 69 kilovolts or higher that is located in peninsular Florida or that is contiguous with transmission facilities that are then owned by or under the operational control of the Company if the owner of such transmission facility has offered operational control thereover to the Company on commercially reasonable terms. The provisions of this Section 2.12 shall be subject, at all times, to the provisions of Section 8.5 of this Agreement to the extent Section 8.5 is otherwise implicated.

2.13 *Planning*. The Company shall adopt a regional transmission planning process designed to identify and to facilitate, in a timely manner, the adoption and implementation of transmission options, including the opportunity by market participants to offer generation alternatives to those transmission options, that can economically relieve congestion and maintain and enhance grid efficiency and reliability. This process shall encourage and provide opportunities for meaningful, in depth participation by all market participants, the Florida Public Service Commission and other interested parties. In order that new generation and new transmission projects are efficiently coordinated so as to ensure reliability and efficient congestion management, for each planning period, the planning process shall include, at a minimum, early, regular and complete public disclosure, consistent with and subject to confidentiality requirements and information disclosure policies, of : (i) any transmission projects proposed or endorsed; (ii) the underlying assumptions and data on which the proposal is based; (iii) any analysis relied upon by the Company concerning its proposed transmission plan or generation alternatives offered by

market participants; (iv) all documents supporting assumptions underlying the proposed plan that are challenged by participants in the planning process.

2.14 *Representations and Warranties of the Members*. Each Member represents and warrants that:

(a) It is duly organized, validly existing and in good standing under the laws of the state of its organization;

(b) It has all requisite power and authority to enter into this Agreement; the execution and delivery by such Member of this Agreement and the consummation by such Member of the transactions contemplated hereby have been duly authorized by all necessary and appropriate action on the part of such Member; and this Agreement has been duly and validly executed and delivered by such Member and constitutes (assuming the due and valid execution and delivery of this Agreement by the other Members), the legal, valid and binding obligations of each Member, enforceable against each Member in accordance with its terms;

(c) There is no litigation pending or, to the best knowledge of such Member, threatened against such Member which has a reasonable likelihood of materially and adversely affecting the operations, properties or business of the Company or any of such Member's obligations under this Agreement;

(d) The execution, delivery and performance by such Member of this Agreement will not result in a breach of any of the terms, provisions or conditions of any agreement to which such Member is a party which has a reasonable likelihood of materially and adversely affecting the operations, properties or business of the Company or such Member's obligations under this Agreement;

(e) The execution and delivery by such Member of this Agreement and the formation of the Company as a limited liability company does not require any filing by it with, or approval or consent of, any governmental authority which has not already been made or obtained, except the filing of the Articles of Organization of the Company in the office of the Secretary of State of the State of Florida; and

(f) There are no claims, either administrative or judicial, at law or in equity, pending or, to the knowledge of such Member, threatened against it which could, if continued, have a material adverse affect on the business, operations, properties, assets or condition (financial or otherwise) of such Member, or the ability of such Member to perform its obligations under this Agreement.

2.15 *PUHCA Exemption*. Neither the Company nor the Managing Member on behalf of the Company shall take any action that would cause any Member to be subject to regulation as a registered public utility holding company under the Public Utility Holding Company Act of 1935, as amended.

ARTICLE 3
Capital Structure and Contributions

3.1 *Capital Structure*. The capital structure of the Company shall consist of one class of common Interests. Except as otherwise set forth herein, each Interest in the Company shall be identical in all respects and shall entitle the holder thereof to the same rights and privileges and shall be subject to the same qualifications, limitations and restrictions.

3.2 *Initial Capital Contributions*.

(a) Each initial Member has contributed or is herewith contributing on the date hereof, as an initial capital contribution to the Company (an "Initial Capital Contribution"), all of its right, title and interest (whether now held or hereafter acquired) in and to the assets listed and described, together with a statement of the agreed upon Book Tax Value of such assets, following such initial Member's name on Schedule B attached hereto.[2] In exchange for its Initial Capital Contribution, each initial Member has received or is herewith receiving an Interest in the Company in proportion to such initial Member's Percentage Interest, which shall be set forth on Schedule A attached hereto.

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[2] FPL intends to contribute (or cause an affiliate to contribute) its transmission assets to the Company at the Net Book Value of such assets determined pursuant to the terms of this Agreement.

(b) Other Persons may be admitted as Members of the Company provided that (i) any such Person becomes a party to this Agreement by executing, delivering, adopting and acknowledging this Agreement, and (ii) such Person makes an Initial Capital Contribution, the agreed upon Book Tax Value of which shall be approved by the Managing Member at the time such Person is admitted, upon receipt of which the Company shall update Schedule B attached hereto accordingly. Upon satisfaction of the foregoing, such Person shall become a Member and shall receive an Interest in the Company in proportion to such Member's Percentage Interest, which shall be set forth on Schedule A attached hereto. As a result of the admission of any such additional Member, the Percentage Interests of each other Member shall be adjusted accordingly and the Company shall update Schedule A attached hereto accordingly.

(c) The Members shall be entitled to make Additional Capital Contributions as provided in Section 3.3 hereof.

3.3 *Additional Capital Contributions*. Members shall not be obligated to make any additional capital contribution to the Company (an "Additional Capital Contribution"). A Member may, with the approval of the Managing Member, make Additional Capital Contributions, provided that the Percentage Interests of each Member shall be adjusted accordingly and the Company shall update Schedule A attached hereto accordingly.

3.4 *Optional Conversion of Member Interests*. Each Member, at its option, may convert all or any portion of its Interest in the Company into shares of non-voting Class B Common Stock of the RTO Manager by transferring to the RTO Manager such portion of its Interest to be so converted pursuant to the terms of the Member and Shareholder Agreement, provided that, as a result of any such conversion, the Percentage Interests of each Member shall be adjusted accordingly and the Company shall update Schedule A attached hereto accordingly.

ARTICLE 4
Capital Accounts

4.1 *Capital Accounts*. Each Member shall have a capital account (a "Capital Account") which account shall be credited with (i) the Capital Contributions (net of liabilities that the Company is considered to assume or take subject to under Code section 752) contributed by such Member to the Company; and (ii) allocations of Profits to it pursuant to Section 5.1. Each Member's Capital Account shall be debited with (i) the amount of cash and the Book Tax Value of other property distributed to such Member (net of liabilities that such Member is considered to assume or take subject to under Section 752 of the Code) and (ii) allocations of Losses to it pursuant to Section 5.1. The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations section 1.704-1(b), and shall be interpreted and applied in a manner consistent therewith.

4.2 *No Other Capital Contributions*. Except as provided in Section 3.3, no Member shall be permitted or obligated to make any Additional Capital Contributions to the Company's capital.

4.3 *No Interest on Capital Contributions*. No Member shall be entitled to demand or receive interest on its Capital Contributions.

4.4 *No Right of Withdrawal*. No Member shall have the right to withdraw any portion of such Member's Capital Contributions to, or to receive any distributions from, the Company, except as provided in Articles 6 and 11 hereof.

4.5 *Loans*. The RTO Manager may cause the Company to borrow funds from third parties or enter into other similar credit, guarantee, financing or refinancing arrangements with third parties for any prudent business purpose and at reasonable rates.

4.6 *Transfers*. In the event that all or a portion of an Interest in the Company is Transferred in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest, and all allocations of Profits or Losses pursuant to Article 5 with respect to such transferred Interest shall be allocated, as between the transferor

and the Transferee, by taking into account their varying interests in accordance with Code section 706.

ARTICLE 5
Allocation of Profit and Loss

5.1 *Allocation of Profit and Loss*.

(a) *Allocations to Capital Accounts*. After giving effect to the special allocations provided in Section 5.1(b), (c) and (d), Profits and Losses shall be allocated among the Members in proportion to their Percentage Interests.

(b) *Special Allocations*. Any allocation pursuant to Section 5.1(a) will be subject to any adjustment required to comply with Regulations section 1.704-1(b), including, without limitation, any qualified income offset within the meaning of Regulations section 1.704-1(b)(2)(ii)(d) and any nonrecourse deduction (including partner nonrecourse deduction) or minimum gain chargeback (including partner minimum gain chargeback) within the meaning of Regulations section 1.704-2. Any special allocations of items pursuant to this Section 5.1(b) shall be taken into account, to the extent permitted by the Regulations, in computing subsequent allocations of Profits and Losses pursuant to Section 5.1(a) so that the net amount of any items so allocated and all other items allocated to each Member shall, to the extent possible, be equal to the amount that would have been allocated to each Member pursuant to Section 5.1(a) had such special allocations under this Section 5.1(b) not occurred.

(c) *Redeterminations*. If for any taxable period of the Company, the Company is deemed to have a net increase (or decrease) in taxable income as a result of a redetermination by a tax authority resulting from transactions between the Company and any Member or any Affiliate of any Member, the item or items of Profits or Losses that resulted in such increase (or decrease) in taxable income shall be allocated to the Member that was (or the Affiliate of which was) a party to the transaction and the Capital Accounts of the Members shall reflect such allocations but shall not result in any change in the respective Percentage Interests of the Members.

(d) *Allocations of Corporate Income Tax Allowances*. If for any taxable period of the Company, the Company is deemed to have a net increase (or decrease) in taxable income as a result of corporate income tax allowances included in the Company's cost-of-service, the item or items of Profits or Losses that resulted in such increase (or decrease) in taxable income shall be allocated to those Members that are subject to a corporate income tax, on a pro rata basis in proportion to the corporate income tax attributable to each such Member, and the Capital Accounts of the Members shall reflect such allocations.

5.2 *Tax Allocations*. (a) If, as a result of contributions of property by a Member to the Company or as an adjustment to the Book Tax Value of Company assets pursuant to this Agreement, there is a disparity between the Book Tax Value of any Company asset and the Company's adjusted tax basis in such asset, any items of income, gain, loss and deduction with respect to such property shall be allocated among the Members so as to take account of such variation between the Book Tax Value and the adjusted tax basis of such asset, consistent with Code section 704(c) and the Regulations thereunder using such method as is permitted under the Regulations and agreed to by all of the Members on the date hereof.

(b) Any elections or other decisions relating to the maintenance of Capital Accounts or the allocation provisions of this Article 5 shall be made by the Tax Matters Partner in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 5.2 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

ARTICLE 6
Distributions

6.1 *Cash Distributions*. Subject to applicable law and any limitations contained elsewhere in this Agreement, and after setting aside such funds as are required to meet the Company's minimum requirements for cash for operations and any reasonable reserves for working capital, the Managing Member shall distribute: (i) cash to the Members that are subject to a corporate income tax, within ten days after the end of each fiscal quarter, in an amount equal to the item or items of Profits

allocated to each such Member, respectively, during such fiscal quarter pursuant to Section 5.1(d) of this Agreement; and, (ii) cash to the Members within ten days after the end of each fiscal quarter, pro rata in accordance with the Members' respective Percentage Interests, in an amount that is equal to the product of (x) the Tax Percentage and (y) the Tax Matters Partner's reasonable estimate of the Company's taxable income for such Fiscal Year (determined in accordance with Code section 703(a) as reflected on the IRS Form 1065 Schedule K-1 issued to each Member) attributable to such fiscal quarter. For purposes of determining the minimum amount to be distributed to the Members pursuant to the preceding sentence, the term "Tax Percentage" shall mean the maximum combined U.S. Federal and Florida income tax rates applicable to corporations with respect to the Fiscal Year for which such determination relates. In addition to the foregoing, subject to applicable law and any limitations contained elsewhere in this Agreement, additional cash distributions may be made to the Members, pro rata in accordance with the Members' respective Percentage Interests, at such times and in such aggregate amounts as may be determined by the Managing Member.

6.2 *Distributions in Kind*. No distributions of property other than cash shall be made without the consent of all of the Members.

6.3 *No Right to Distributions*. No Member shall have the right to demand or receive distributions of any amount, except as expressly provided in this Article 6.

6.4 *Withholding*. If the Company is required to withhold with respect to any payments, distributions or allocations to a Member by applicable federal, state, local or foreign tax laws, the Company may withhold such amounts and make such payments to taxing authorities as are necessary to ensure compliance with such tax laws. Any funds withheld by reason of this Section 6.4 shall nonetheless be deemed distributed or allocated (as the case may be) to the Member in question for all purposes under this Agreement. If the Company did not withhold from actual distributions or allocations any amounts it was required to withhold, the Company may, at its option, (i) require the Member to which the withholding was credited to reimburse the Company for such withholding; or (ii) reduce any subsequent distributions to such Member by the amount of such withholding. The obligation of a Member to reimburse the Company for taxes that were required to be withheld shall continue after such Member Transfers its Interest in the Company or after a with-

drawal by such Member. Each Member agrees to furnish the Company with any representations and forms as shall reasonably be requested by the Company to assist it in determining the extent of, and in fulfilling, any withholding obligations it may have.

ARTICLE 7
Accounting and Reports

7.1 *Books and Records*.

(a) The Company shall maintain or cause to be maintained at its principal office, located in the State of Florida, this Agreement and all amendments thereto and full and accurate books of the Company showing all receipts and expenditures, assets and liabilities, profits and losses, and all other books, records and information required by the Act as necessary for recording the Company's business and affairs. The Company's books and records for financial reporting purposes shall be maintained in accordance with GAAP, consistently applied, except to the extent provided hereunder for purposes of maintaining Capital Accounts in accordance with Article 4 hereof and calculating the Profits or Losses allocated thereto in accordance with Article 5 hereof. Such documents, books and records shall be maintained until two (2) years after the termination and liquidation of the Company. The Company's financial statements shall also be kept in accordance with all applicable regulatory requirements, including the FERC's Uniform System of Accounts, and such financial statements shall be used in connection with setting the Company's rates, subject to regulation by the FERC.

(b) Except as any such right may be limited by the Code of Conduct or any applicable requirements of such orders or rules as the FERC may now or hereafter issue regarding access to facilities, books and records of RTOs, each Member shall have the right at reasonable times during usual business hours to examine, audit and make copies of the books of account and other financial and accounting books and records of the Company and other books and records relating to the reserves, assets, liabilities and expenses of the Company and expenditures by the Managing Member on behalf of the Company, including all information necessary to enable each Member to prepare all federal, state and local tax returns and reports and to support and defend such returns and reports; provided, however, that

none of the foregoing activities shall be conducted in a manner that unreasonably interferes with the Company's operations or business or provides any Member (other than the Managing Member) with information that is not otherwise available under the Company's information policy then on file with the FERC or that gives such Member a competitive advantage that is not permitted by Order No. 2000 or any other applicable requirements of such rules or orders as the FERC may now or hereafter issue regarding RTOs. Such right may be exercised through any agent or employee of a Member designated in writing by it or by an independent public accountant, engineer, attorney or other consultant so designated. The Member making the request shall bear all expenses incurred in any inspection, audit or examination made at such Member's behest. Should any inspection, audit or examination disclose any immaterial errors or immaterial improper charges, the Managing Member shall make, or cause to be made, appropriate adjustments therefor. In the event such errors or such improper charges are material and disadvantage one Member relative to the other Members, the Managing Member shall (i) reimburse the Company therefor and (ii) bear all reasonable expenses of such inspection, audit or examination.

7.2 *Reports to Members*.

(a) As soon as available to the Company and in any event within thirty (30) days after the end of the first eleven (11) months of each Fiscal Year and within forty-five (45) days after the end of the last month of each Fiscal Year, the Managing Member shall cause to be prepared and sent to each Member for the prior month and for the period from the beginning of such Fiscal Year to the end of such fiscal month, a financial statement package which shall (i) be prepared in accordance with GAAP (except that certain footnotes may be omitted); and (ii) set forth in each case in comparative form versus both the figures for the previous Fiscal Year, and the forecast for the current Fiscal Year.

(b) As soon as practicable and in any event within ninety (90) days after the end of each Fiscal Year, the Managing Member shall provide to each Member audited financial statements of the Company for such Fiscal Year setting forth in each case in comparative form the figures for the previous Fiscal Year, certified by such certified public accountants as may be selected by the Managing Member.

(c) The Company or the Managing Member shall provide to each Member on a timely basis such information as a Member may reasonably request regarding the details of transactions recorded in the financial statements described in Subsections 7.2(a) and 7.2(b) hereof.

(d) As requested, the Company shall provide to each Member such information as may be necessary for them to comply with applicable financial reporting requirements of any competent governmental authorities or agencies or stock exchange on which the shares of any such company are listed including, without limitation, the New York Stock Exchange and the U.S. Securities and Exchange Commission and such information regarding the financial position, business, properties or affairs of the Company as a Member may reasonably request.

7.3 *Tax Matters*.

(a) The RTO Manager is hereby designated the "Tax Matters Partner" for federal income tax purposes pursuant to Section 6231 of the Code with respect to all taxable years of the Company and is authorized to do whatever is necessary to qualify as such. Each Member hereby agrees to join in the execution of such forms or documents or to take such other actions as may be necessary or appropriate to designate the RTO Manager as the Tax Matters Partner. The Tax Matters Partner is also authorized and directed to undertake all actions permitted or assigned to the Tax Matters Partner by this Agreement. Any direct or indirect costs and expenses incurred by the Tax Matters Partner, acting in its capacity as such, shall, upon submission of an adequate accounting, be deemed costs and expenses of the Company, and the Company shall reimburse the Tax Matters Partner for such amounts. The Members hereby agree that the Company shall indemnify the Tax Matters Partner pursuant to Article 12 of this Agreement from and against any and all damages asserted against or incurred by the Tax Matters Partner in connection with any actions which the Tax Matters Partner reasonably believes to be within the scope of the authority conferred on it pursuant to this Agreement.

(b) The Tax Matters Partner shall prepare or cause to be prepared all tax returns required of the Company. As soon as practicable after the end of each taxable year, the Tax Matters Partner shall furnish to each Member such information in the possession of the Tax Matters Partner requested by such Member

as necessary to timely fulfill such Member's federal, state, local and foreign tax obligations, including Schedule K-1, or any similar form as may be required by the Code or the Internal Revenue Service (the "IRS"). The Members shall file their individual or corporate returns, as such pertain to the business of the Company, in a manner consistent with the Company's tax and information returns.

(c) The Tax Matters Partner shall use its best efforts to do all acts and take whatever steps are required to maximize, in the aggregate, the federal, state and local income tax advantages available to the Company and shall defend all tax audits and litigation with respect thereto.

(d) In the event that the Company shall be the subject of any audit, assessment of taxes, other examination by any tax authority, proceedings, or appeal of such a proceeding relating to taxes, whether administrative or judicial (a "Tax Contest"), to the extent the Company is treated as an entity for purposes of such Tax Contest, the Tax Matters Partner shall be authorized to act for, and its decision shall be final and binding upon, the Company and each Member thereof, to the extent provided in Code section 6224(c).

(e) The Members hereby authorize the Tax Matters Partner to make (or cause to be made) any elections for tax purposes, including any election under Code section 754, as it determines, in its sole discretion, except to the extent inconsistent with Article 5 hereof with respect to the maintenance of Capital Accounts and allocations thereto; provided, however, that the Tax Matters Partner may not make (or cause to be made) any election to cause the Company to be treated as an association taxable as a corporation without the approval of a Majority of the Members.

(f) Each Member hereby agrees to provide the Tax Matters Partner with reasonable access to such Member's books and records relating to any assets contributed by such Member to the Company to the extent that information contained in such books and records is required by the Tax Matters Partner in order to prepare any tax or information returns of the Company or to defend any audits or litigations relating thereto.

7.4 *Annual Operating Budget and Five Year Plan*. No later than forty-five (45) days before the end of each Fiscal Year, the Managing Member shall

prepare in good faith and submit to the Membership Committee (as defined in Article 8), for its information and comment (but not for its approval), an annual operating budget ("Annual Operating Budget") and five year plan, each of which shall, in the best judgment of the Managing Member, reflect reasonable expectations for the Company during the period covered. The Managing Member shall in its sole discretion approve the Annual Operating Budget and any amendments thereto.

ARTICLE 8
Actions by Members

8.1 *Membership Committee*. The Company shall have a Membership Committee made up of all Members. Except as otherwise provided in this Agreement, on all matters requiring approval of the Members, each Member shall be entitled to vote ratably in proportion to its then current Percentage Interest in the Company.

8.2 *Meetings*. Meetings of the Membership Committee shall be held only at the call of the Managing Member and only for the purpose of seeking the approval or consent of the Members as provided in the Approval Terms of this Agreement or for the consideration of any extraordinary matter, including changes in applicable state or federal income tax laws or regulations, changes in the rules, regulations or policies of the FERC applicable to RTOs or such other laws or regulations applicable to the Company or the Members, as Members. The Members may take action by the vote of Members at a meeting in person or by proxy, or without a meeting by written consent. Any action required or permitted to be taken at any meeting of the Membership Committee may be taken without a meeting if Members holding Percentage Interests sufficient to approve the action pursuant to the terms of this Agreement consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Membership Committee. In no instance where action is authorized by written consent shall a meeting of the Membership Committee be called or notice be given; however, a copy of the action taken by written consent shall be sent promptly to all Members and filed with the minutes of the proceedings of the Membership Committee.

8.3 *Notice, Quorum and Vote Required*. Meetings of the Membership Committee may be called by the Managing Member upon at least five (5) days'

prior written notice of the time and place of such meeting. For any meeting of the Membership Committee, the presence in person or by proxy of a Majority of the Members at the time of the action taken shall constitute a quorum for the transaction of business. Unless otherwise specifically provided herein, all matters requiring approval or consent of the Members shall be decided by an affirmative vote or written consent of a Majority of the Members.

8.4 *Power to Bind the Company*. Except as specifically provided pursuant to the Approval Terms of this Agreement or the Act, the Members, other than the Managing Member, shall not participate in the control or operation of the Company. No Member, other than the Managing Member, shall have the authority to sign or deliver any instrument transferring or affecting the Company's interest in any real or personal property. No Member (acting in its capacity as such), other than the Managing Member, shall have any authority to bind the Company to any third party with respect to any matter.

8.5 *Matters Requiring Member Approval*. To the extent that the Members may waive their right to vote, approve or consent in respect of any matter requiring approval of the Members under the Act or other applicable law, the Members (other than the Managing Member) hereby waive any such right. In addition to any other matter requiring approval of the Members under any nonwaivable provisions of the Act or other applicable law, and any other vote of the Members provided under the Approval Terms of this Agreement, an affirmative vote of a Majority of the Members shall be required for any of the following matters:

(a) any proposal by the Company to (i) convert the Company into an entity other than a limited liability company, (ii) enter into any transaction that would result in a change of control of the Company, (iii) sell, transfer, lease, exchange or otherwise dispose of all, or substantially all, of the assets of the Company (other than pursuant to a mortgage or security interest entered into in connection with a financing of the Company's business) and all or a portion of the consideration received therefor by the Company is cash, or (iv) merge or consolidate with or into any other entity and all or a portion of the consideration received therefor by the Members is cash; provided, however, that the approval of the Members shall not be required by this Agreement for any transaction for which the Company or the Members, as the case may be, would not receive consideration in cash and that would result in the transfer of control of the Company to a transmission owner or an

RTO that is located in the State of Florida or in the geographic area covered by the Southeastern Electric Reliability Council, as it existed on September 1, 2000, unless a Member requests an independent investment banker to render an opinion to the Members (other than the Managing Member) to the effect that the terms of such transaction are fair to the Interests of the Members in the Company from a financial point of view and such independent investment banker determines that it cannot render such an opinion; provided further that (x) any rejection of a merger or consolidation by the Members will be subject to a FERC determination that such merger or consolidation would adversely impact the integrity of the Members' investment in the Company or RTO Manager, (y) immediately following their decision to reject a merger or consolidation, the Members voting against such merger or consolidation shall file with FERC for such a determination, and (z) any such merger or consolidation shall not be deemed to have been approved or rejected until the FERC has made its determination. A "change of control" or "transfer of control" as applied herein to the Company shall be deemed to have occurred if, following the consummation of any transaction, less than fifty percent (50%) of the outstanding Interests of the Company (or any successor entity resulting from such transaction) is held by those holders of the Interests of the Company immediately prior to the consummation of such transaction. The independent investment banker contemplated hereby shall be selected as follows: (i) the Managing Member shall submit to the other Members a list of five nationally or regionally recognized investment bankers and their respective qualifications, provided, that none of such investment bankers shall have acted as an advisor or an underwriter for, or otherwise represented, the Company, any Member, the RTO Manager, any holder of Class B Common Stock of the RTO Manager, any other party to the transaction in question, or any affiliate of the foregoing entities at any time during the two (2) previous years; and (ii) the Members (other than the Managing Member), acting together by a majority vote of such Members, shall then select an investment banker from such list to be retained to render the opinion contemplated hereby;

(b) any acquisition or business development opportunity that is otherwise permissible under Sections 2.3 and 9.1(c) of this Agreement but is not (i) related to the provision of electric transmission service, including but not limited to the formation and administration of electric markets, or other services or functions that are commonly performed by RTOs, or (ii) a business with electric facilities located in, or that are directly interconnected with transmission facilities located in,

Florida or the geographic area covered by the Southeastern Electric Reliability Council as it existed on September 1, 2000;

(c) any proposal to (i) institute proceedings to have the Company adjudicated bankrupt or insolvent, (ii) consent to the institution of bankruptcy or insolvency proceedings against the Company, (iii) file a petition seeking a reorganization of the Company under federal or state bankruptcy laws, (iv) consent to the appointment of a receiver or trustee for the Company, or (v) make an assignment for the benefit of creditors of the Company; and

(d) any proposal to amend the Approval Terms or the Economic Terms of this Agreement.

ARTICLE 9
Duties and Responsibilities of the Managing Member

9.1 *General Management*. (a) Except as otherwise expressly provided pursuant to the Approval Terms of this Agreement, the Managing Member, in its capacity as a Member of the Company under the Act, shall have sole and complete charge and management of all the affairs and business of the Company, in all respects and in all matters. The Managing Member shall be an agent of the Company, and the actions of the Managing Member taken in such capacity and in accordance with this Agreement shall bind the Company. The Managing Member shall at all times be a Member of the Company. Except as otherwise expressly provided pursuant to the Approval Terms of this Agreement, the Members other than the Managing Member shall not participate in the control of the Company, and shall have no right, power or authority to act for or on behalf of, or otherwise bind the Company. Except as expressly provided pursuant to the Approval Terms of this Agreement or required by any non-waivable provisions of applicable law, Members other than the Managing Member shall have no right to vote on or consent to any other matter, act, decision or document involving the Company or its business.

(b) At all times the Managing Member shall be a fiduciary of the Company and shall act in good faith and in a manner that the Managing Member reasonably believes to be in the best interests of the Company. In managing the

business and affairs of the Company, the Managing Member shall perform its duties in a manner consistent with its duties to the Members under this Agreement. In performing such duties, the Managing Member shall consider the interests of the Members solely in their capacity as investors in the Company and shall have no duty to consider, and shall not consider, any other interests that the Members may have in any other business, asset or liability, including any Members' interests as participants in the electric markets served by the Company, such that the Company shall, under no circumstance, be used to protect or promote any such present or future interest of any Member.

(c) At all times the Managing Member shall operate, maintain, plan and expand the Company's transmission system to meet the needs of all users of such transmission system in a non-discriminatory manner, consistent with all applicable requirements of Order No. 2000 and such other orders or rules as the FERC may now or hereafter issue regarding RTOs.

9.2 *Exclusive Control*. Except as otherwise expressly provided pursuant to the Approval Terms of this Agreement, the Managing Member shall have full, exclusive and complete discretion to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company and to take all such actions as it reasonably deems necessary or appropriate to accomplish the purposes and direct the affairs of the Company. The Managing Member shall have the right to manage and make decisions in a manner that the Managing Member reasonably believes will foster the long term growth and prospects of the business, and the Managing Member shall have no duties or liabilities to another Member or other Person for actions and decisions that the Managing Member reasonably believes are necessary, appropriate or consistent with such long term growth and prospects. The Managing Member shall have the sole power and authority to bind the Company, except and to the extent that such power is expressly delegated in writing to any other Person by the Managing Member.

9.3 *Certain Powers*. Except as otherwise expressly provided pursuant to the Approval Terms of this Agreement, the Managing Member shall have the exclusive right, power and authority, in the management of the business and affairs of the Company, to do or cause to be done any and all acts at the expense of the Company, deemed by the Managing Member to be necessary or appropriate to effectuate the business of the Company. Except as expressly provided pursuant to the

Approval Terms of this Agreement and, without limiting the generality of the foregoing, the Managing Member shall have full and complete power and authority (but only in such a manner that is consistent with the provisions of this Agreement, the Code of Conduct, Order No. 2000 and all applicable requirements of such rules or orders as the FERC may now or hereafter issue regarding RTOs), without the approval of any other Member:

(a) to conduct any business that is not inconsistent with the Company's purpose as set forth in Section 2.3 hereof or the provisions of Section 9.1(c) hereof, and to exercise any rights and powers, permitted of a limited liability company organized under the laws of the state of Florida, in any state, territory, district or foreign country as the Managing Member deems necessary or advisable;

(b) to acquire by purchase, lease or otherwise, and/or to otherwise own, hold, operate, finance, maintain, improve, lease, sell, convey, mortgage, transfer or dispose of any property or other assets that the Managing Member deems necessary or advisable;

(c) to negotiate, enter into, perform, modify, extend, terminate, amend, waive, renegotiate and/or carry out any contract and agreements of any kind and nature, including without limitation, contracts and agreements with any Member or any agent of the Company, as the Managing Member deems necessary or advisable;

(d) to lend money and to invest and reinvest its funds;

(e) to sue and be sued, complain and defend, and participate in administrative, judicial and other proceedings, in the name of, and on behalf of, the Company;

(f) to pay, collect, compromise, arbitrate or otherwise adjust or settle any and all claims or demands of or against the Company, in such amounts and upon such terms and conditions as the Managing Member shall reasonably determine;

(g) to, from time to time, employ, engage, hire or otherwise secure the services of such Persons, including any Member, as the Managing

Member may deem necessary or advisable for the proper execution of its duties as Managing Member hereunder, provided such services are within the scope of the foregoing authority granted to the Managing Member hereunder, with such employment to be for such reasonable compensation and upon such reasonable terms and conditions as the Managing Member shall determine;

(h) to, from time to time, appoint such Executive Officers as the Managing Member deems necessary or advisable, define and modify, from time to time, such Executive Officers' duties, and fix and adjust, as appropriate, such Executive Officers' compensation;

(i) to borrow money and issue evidences of indebtedness necessary, convenient or incidental to the business of the Company, and secure the same by mortgage, pledge or other lien on any tangible assets of the Company;

(j) to prepare, execute, file record, publish and deliver any and all instruments, documents or statements necessary or convenient to effectuate any and all actions that the Managing Member is authorized to take on behalf of the Company;

(k) to deal with, or otherwise engage in business with, or provide services to and receive compensation therefor from, any Person who has provided services to, lent money to, sold property to, or purchased property from the Company or a Member, or any Person who may do so in the future; and

(l) to establish all accounting and tax policies that the Company will use to maintain its books and records.

9.4 *Restrictions on Other Members*. Except as expressly provided in the Approval Terms of this Agreement or required by any non-waivable provision of the Act or other applicable law, no Member other than the Managing Member shall (a) have the right to vote on or consent to any other matter, act, decision or document involving the Company or its business, (b) have the authority to sign or deliver any instrument transferring or affecting the Company's interest in any real property, or (c) take part in the day-to-day management, or the operation or control, of the business and affairs of the Company. [Except to the extent expressly delegated by the Managing Member,] no other Member or Person other than the Managing Member shall be

an agent for the Company or have any right, power or authority to transact any business in the name of the Company or to act for or on behalf of or to bind the Company.

9.5 *Personnel*. The Managing Member may, in its sole discretion, employ for the Company such personnel as it deems appropriate, but only in such a manner that is consistent with the provisions of this Agreement, the Code of Conduct, Order No. 2000 and such rules and orders as the FERC may now or hereafter issue regarding RTOs.

9.6 *Restrictions on Managing Member*. Notwithstanding any contrary provision of this Agreement, without the approval or written consent of all of the Members, the Managing Member shall not have the authority to:

(a) Do any act in contravention of this Agreement or contrary to the best interests of the Company;

(b) Knowingly perform any act that would subject any Member to liability for the debts, liabilities or obligations of the Company;

(c) Require any Member to make Additional Capital Contributions to the Company;

(d) Receive any compensation for performing its duties as the Managing Member;

(e) Except for such adjustments or revaluations as are contemplated in the definition of Book Tax Value set forth in Article 1 hereof, revalue, or cause to be revalued, any assets of the Company; or

(f) Do any acts, perform any actions or effect any matters requiring approval of the Members under the provisions of this Agreement or the Act or other applicable law, without first obtaining the approval of the Members required by such provisions.

ARTICLE 10
Transfer of Interests in the Company; Withdrawal of Members

10.1 *Prohibited Transfers*. Except as provided in Section 10.2 of this Agreement, no Member may Transfer or encumber its Interest in the Company or any part thereof in any way whatsoever, and any such Transfer or encumbrance in violation of this Article 10 shall be null and void as against the Company, except as otherwise permitted herein or provided by law, and the Transferring or withdrawing Members shall be liable to the Company and the other Members for all damages that they may sustain as a result of such attempted Transfer.

10.2 *Permitted Transfers by Members*. No Member may Transfer all or a portion of its Interest in the Company unless:

(a) the Member desiring to consummate such Transfer (the "Assigning Member"), and the prospective Transferee each execute, acknowledge and deliver to all the other Members such instruments of transfer and assignment with respect to such Transfer and such other instruments as are reasonably satisfactory in form and substance to a Majority of the Members, except that the provisions of this Section 10.2 (a) shall not apply to any Transfer that is made immediately prior to, and in connection with , the conversions of that portion of such Interest that is to be Transferred into shares of Class B Common Stock of the RTO Manager pursuant to the terms of this Agreement and the Member and Shareholder Agreement and the immediate conversion thereafter of such shares of Class B Common Stock into shares of Class A Common Stock pursuant to the provisions of the Articles of Incorporation of the RTO Manager for purposes of offering and selling such shares of Class A Common Stock to the public or to private investors;

(b) the Transfer will not violate any securities laws or any other applicable federal or state laws or the order of any court having jurisdiction over the Company or any of its assets;

(c) the Transfer will not result in or create a "prohibited transaction" as defined in Code section 4975(c) or result in or cause the Company or any Member to be liable for excise tax under Chapter 42 of the Code or result in or cause the Company or the Company's assets to become the assets of an employee benefit plan (as defined in Section 3(3) of ERISA);

(d) the Transfer will not cause any violation of or an event of default under, or result in acceleration of any indebtedness under, any note, mortgage, loan, or similar instrument or document to which the Company is a party;

(e) the Transfer will not cause a material adverse tax consequence to the Company or any of the Members including but not limited to any material adverse tax consequence resulting, directly or indirectly, from the termination of the Company under Code section 708; and

(f) the Transfer will not cause the Company to be classified as a corporation (or an association taxable as a corporation) within the meaning of the Code section 7701 or as a publicly traded partnership within the meaning of Code section 7704.

10.3 *Substitute Member*. A Transferee of the whole or any part of an Interest in the Company who satisfies the conditions set forth in Section 10.2 hereof shall have the right to become a Member in place of the Assigning Member (a "Substitute Member") only if all of the following conditions are satisfied:

(a) the fully executed and acknowledged written instrument of assignment that has been filed with the Company sets forth a statement of the intention of the Assigning Member that the Transferee become a Substitute Member in its place;

(b) the Transferee executes, adopts and acknowledges this Agreement, and those certain other agreements set forth in Schedule C attached hereto, and agrees to assume all the obligations of the Assigning Member hereunder and thereunder; and

(c) any costs of the Transfer incurred by the Company shall have been reimbursed to the Company by the Assigning Member or the Transferee.

10.4 *Involuntary Withdrawal by a Member*. Upon the occurrence of an event referenced in Section 608.4237 of the Act, or any successor provision thereto, the Member with respect to whom such event occurred shall forthwith cease to be a Member and shall have no rights or powers as a Member and the continuation of the Company shall be governed by Section 11.2 of this Agreement.

10.5 *Voluntary Withdrawal by a Member*. No Member may resign or withdraw from the Company without the prior written consent of all of the Members, which consent may be withheld by any such other Member in its sole and absolute discretion; provided, however, that for purposes of this Agreement, the conversion of an Interest or any portion thereof pursuant to Section 3.4 hereof shall not be deemed to be a resignation or withdrawal.

10.6 *Effect of Transfer*. No Transfer shall relieve any Member from its obligations incurred hereunder prior to such Transfer.

ARTICLE 11
Dissolution and Liquidation

11.1 *Dissolution*. The Company shall be dissolved upon the first of the following events to occur (each a "Dissolution Event"):

(a) The withdrawal, resignation, dissolution or liquidation of a Member, or the occurrence of an event resulting in the Member ceasing to be such under the Act;

(b) One hundred eighty (180) days after the filing of a bankruptcy petition, provided that such petition has not been dismissed in the interim;

(c) The sale, transfer or other disposition of all or substantially all the assets of the Company, including condemnation by eminent domain;

(d) An agreement in writing by all of the Members to dissolve the Company;

(e) An entry of a decree of judicial dissolution of the Company; or

(f) The occurrence of any other event specified under the Act as one requiring such dissolution.

11.2 *Election to Continue the Business*. The Company shall not be dissolved pursuant to a Dissolution Event specified in Subsections 11.1(a) or (f) (except as otherwise provided in the Act), if, within 45 days of such Dissolution Event, a Majority of the Members remaining agree in writing to continue the business of the Company, and in the event there is only one remaining Member, such Member shall have the right to admit a new Member in accordance with the terms of this Agreement.

11.3 *Closing of Affairs*. In the event of the dissolution of the Company for any reason, and in the absence of an election to continue the business of the Company, an independent liquidator (the "Liquidator") selected by a Majority of the Members remaining shall commence to close the affairs of the Company, to liquidate its investments and to terminate the Company. The Liquidator shall act as a fiduciary to the Company and shall have full right and unlimited discretion to manage the business of the Company during the period of closing the affairs of the Company and to determine the time, manner and terms of any sale or sales of Company property pursuant to such liquidation. Upon complete liquidation of the Company's property and compliance with the distribution provisions set forth in Section 11.4 hereof, the Company shall cease to be such and the Liquidator shall execute, acknowledge and cause to be filed all certificates necessary to terminate the Company.

11.4 *Distributions Upon Dissolution*.

(a) The Liquidator shall, as soon as practicable, close the affairs of the Company and sell or distribute the assets of the Company. The assets of the Company shall be applied, to the extent permitted by the Act, in the following order of priority:

(i) First, to pay the costs and expenses of the closing of the affairs and liquidation of the Company;

(ii) Second, to pay the debts and liabilities of the Company;

(iii) Third, to establish reserves adequate to meet any and all contingent or unforeseen liabilities or obligations of the Company, provided that at the expiration of such period of time as the Liquidator may deem advisable, the balance of such re-

serves remaining after the payment of such contingencies or liabilities shall be distributed as hereinafter provided; and

(iv) Finally, to all Members in accordance with their positive Capital Account balances, after giving effect to all contributions, distributions and allocations for all periods.

(b) If upon termination and liquidation of the Company, the Liquidator determines that (i) an immediate sale of part or all of the assets of the Company would cause undue loss to the Members, and (ii) the assets of the Company would be readily susceptible to division for distribution in kind to the Members, then to that extent the Liquidator may distribute such assets to the Members in kind. For such purposes, the assets of the Company shall be valued at fair market value at the time of distribution to be determined by an independent appraiser selected in good faith by the Liquidator.

11.5 *Orderly Liquidation*. A reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities so as to minimize the losses normally attendant upon a liquidation.

11.6 *Deficit Upon Liquidation*. Except to the extent otherwise provided in this Agreement or by law with respect to third-party creditors of the Company, upon liquidation, none of the Members shall be liable to the Company for any deficit in its Capital Account, nor shall such deficits be deemed assets of the Company.

ARTICLE 12
Indemnification

12.1 *Indemnity*. The Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such Person is or was a Member, an employee or an agent of the Company, against expenses, including attorneys' fees, judgment, fines and amounts paid in settlement actually and reasonably incurred by such Person in connection with the action, suit or proceeding if such Person acted in good faith

and in a manner which such Person reasonably believed to be in or not opposed to the best interests of this Company, and, with respect to a criminal action or proceeding, had no reasonable cause to believe its conduct was unlawful; provided that such indemnity shall not be mandatory for any Person seeking indemnity in connection with a proceeding voluntarily initiated by such Person unless such proceeding was authorized by the Managing Member. No Member shall be indemnified with respect to actions between Members or their Affiliates.

12.2 *Advance Payment of Expenses.* The expenses of Members incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the Member to repay the amount if it is ultimately determined by a court of competent jurisdiction that such Member is not entitled to be indemnified by the Company. The provisions of this subsection do not affect any rights to advancement of expenses to which personnel other than Members may be entitled under any contract or otherwise by law.

12.3 *Other Arrangements Not Excluded.* The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this Article 12:

(a) Does not exclude any other rights to which a Person seeking indemnification or advancement of expenses may be entitled under the Articles of Organization or any agreement, vote of Members or otherwise, for either an action in any such Person's official capacity or an action in another capacity while holding such Person's office, except that indemnification, unless ordered by a court, shall not be made to or on behalf of any Member if a final adjudication established that such Member's acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and was material to the cause of action; and

(b) Continues for a Person who has ceased to be a Member, employee or agent and inures to the benefit of the heirs, executors and administrators of such a Person.

ARTICLE 13
Amendment to Agreement

Amendments to this Agreement may be made by the Managing Member, provided, however, that any amendment affecting the Approval Terms or the Economic Terms of this Agreement shall be approved in writing by a Majority of the Members. An amendment shall become effective as of the date specified in the Members' approval or, if none is required or specified, as of the date of such approval or as otherwise provided in the Act. Notwithstanding anything contained herein to the contrary, this Agreement may not be amended in any manner that is inconsistent with Order No. 2000 or any other applicable requirements of such rules and orders as the FERC may now or hereafter issue regarding RTOs. A public, informational copy of each amendment to this Agreement shall be filed with the FERC on or before thirty (30) days prior to the effectiveness of such amendment together with a certificate duly executed on behalf of the Company certifying that such amendment is in compliance with Order No. 2000 and all other applicable requirements of such rules and orders as the FERC may now or hereafter issue regarding RTOs.

ARTICLE 14
General Provisions

14.1 *Other Activities*. A Member may engage or invest in, and devote its time to, any other business venture or activities of any nature and description (independently or with others) and shall have no duties or liabilities under this Agreement to any other Member or other Person for engaging in such activities or pursuing such opportunities.

14.2 *Nondisclosure; Publicity*. The Members shall not, at any time directly or through others, use, disclose, publish or otherwise disseminate any and all confidential information of the Company or that of the Members discovered, developed or known by the Members as a consequence of their respective ownership of, employment by or relationship with the Company, including information entrusted to the Company by others, and any proprietary rights, inventions or tangible unpatented proprietary rights of the Company, except that a Member may disclose information to an Affiliate provided that such Affiliate agrees to be bound by the provisions of this Section 14.2, and except as required for any Member's financing,

banking or other credit relationships or for any Member's compliance with the securities laws or other applicable laws.

14.3 *Notices*. Unless otherwise specifically provided in this Agreement, all notices and other communications required or permitted to be given hereunder shall be in writing and shall be (i) delivered by hand, (ii) delivered by a nationally recognized commercial overnight delivery service, (iii) mailed postage prepaid by certified mail in any such case directed or addressed to the respective addresses set forth in Schedule A attached hereto (iv) transmitted by facsimile to the facsimile number set forth in Schedule A attached hereto, with receipt confirmed. Such notices shall be effective: (a) in the case of hand deliveries, when received; (b) in the case of an overnight delivery service, on the next business day after being placed in the possession of such delivery service, with delivery charges prepaid; (c) in the case of certified mail, upon receipt of the written signature card indicating acceptance by addressee; and (d) in the case of facsimile notices, the Business Day following the date on which electronic indication of receipt is received. Any Member may change its address and facsimile number by written notice to the other parties given in accordance with this Section 14.3, following the effectiveness of which notice Schedule A attached hereto shall be updated accordingly.

14.4 *Entire Agreement, etc.* This Agreement [and those agreements listed on Schedule C attached hereto] shall constitute the entire agreement between the parties hereto relating to the operations of the Company and shall supersede all prior contracts, agreements and understandings between them relating to such operations.

14.5 *Construction Principles*. As used in this Agreement, words in any gender shall be deemed to include all other genders. The singular shall be deemed to include the plural and vice versa. The captions and article and section headings in this Agreement are inserted for convenience of reference only and are not intended to have significance for the interpretation of or construction of the provisions of this Agreement.

14.6 *Counterparts*. This Agreement may be executed in two or more counterparts by the parties hereto, each of which when so executed will be an original, but all of which together will constitute one and the same instrument.

14.7 *Severability*. If any provision of this Agreement is held to be invalid or unenforceable for any reason, such provision shall be ineffective to the extent of such invalidity or unenforceability; *provided, however*, that the remaining provisions will continue in full force without being impaired or invalidated in any way unless such invalid or unenforceable provision or clause shall be so significant as to materially affect the parties' expectations regarding this Agreement. Otherwise, the parties hereto agree to replace any invalid or unenforceable provision with a valid provision which most closely approximates the intent and economic effect of the invalid or unenforceable provision.

14.8 *Binding Effect*. Subject to the provisions of this Agreement relating to transferability, this Agreement shall be binding upon, and inure to the benefit of, the Members and their respective successors and permitted assigns.

14.9 *Additional Documents and Acts*. Each Member agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and of the transactions contemplated hereby.

14.10 *No Third Party Beneficiary*. This Agreement is made solely for the benefit of the parties hereto and their successors and permitted assigns and no other Person shall have any contractual rights, interest, or claims hereunder or otherwise be entitled to enforce in contract any benefits under or on account of this Agreement as a third party beneficiary.

14.11 *Waiver of Partition*. Each of the Members hereby irrevocably waives any and all rights that such Member may have to maintain any action for partition of any of the Company's property.

14.12 *Governing Law*. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without giving effect to the principles of conflicts of law.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement as of the date first written above.

GF INC.

By:_____
Name:
Title:

FLORIDA POWER & LIGHT COMPANY

By:_____
Name:
Title:

[OTHER]

By:_____
Name:
Title:

(272801)

SCHEDULE A

Member's Name	**Address and Facsimile**	**Percentage Interest**
GF Inc.	[To Come]	[To Come]
Florida Power & Light Company	[To Come]	[To Come]
[Other]	[To Come]	[To Come]

SCHEDULE B

Member's Name	**Assets Contributed as Initial Capital Contribution & Their Agreed Value**
GF Inc.	[To Come]
Florida Power & Light Company	[To Come]
[Other]	[To Come]

SCHEDULE C

OTHER AGREEMENTS

[Member and Shareholder Agreement]

[Insert other relevant agreements between the Members]

LIMITED LIABILITY COMPANY OPERATING AGREEMENT
FOR
GRIDFLORIDA LLC

This Limited Liability Company Agreement (the "Agreement") of GridFlorida LLC (the "Company") is made and entered into as of this ___ day of _____, 2001 by and among GF Inc., a Florida corporation (the "RTO Manager"), [Florida Power & Light Company, a Florida corporation ("FPL")][1], and [Others], and each Person (as defined herein) who may be admitted from time to time as a member of the Company (the RTO Manager, FPL, [Others] and each such Person, individually, a "Member" and collectively, the "Members").

RECITALS

WHEREAS, the Company has been formed in accordance with the provisions of the Florida Limited Liability Company Act, as in effect on the date hereof, and as it may be amended from time to time (the "Act"), and the Members desire to enter into a written agreement pursuant to the Act governing the affairs of the Company and the conduct of its business.

NOW THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained herein, the Members agree as follows:

ARTICLE 1
Definitions

"Act" means the Florida Limited Liability Company Act, as in effect on the date hereof, and as it may be amended from time to time.

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[1] The actual party to the agreement may be FPL or one of its affiliates, depending on which entity then holds the transmission assets being contributed to the Company.

"Additional Capital Contributions" means any additional capital contributions made pursuant to Section 3.3 of this Agreement.

"Affiliate" means an affiliate, as defined by the FERC in Order No. 2000.

"Approval Terms" means the provisions of Sections 6.2, 8.5, 9.6, 10.5, 11.2, and 11.3 and Article 13 of this Agreement, including the applicable defined terms used in such provisions.

"Book Tax Value", with respect to any asset of the Company, means:

(i) the initial Book Tax Value of any asset contributed by an initial Member to the Company as an Initial Capital Contribution on the date hereof shall equal the Net Book Value of such asset; the initial Book Tax Value of any asset contributed or agreed with the Company to be contributed by a Member (or prospective Member) to the Company as a Capital Contribution after the date hereof but prior to the Final Put Date shall equal the Net Book Value of such asset; and, the initial Book Tax Value of any asset contributed by a Member to the Company as a Capital Contribution on or after the Final Put Date shall equal the fair market value of such asset, as agreed to by such Member and the Managing Member (which fair market value may be either greater or less than Net Book Value);

(ii) the initial Book Tax Value of any asset acquired (other than by means of a Capital Contribution by a Member) or created by the Company shall equal the adjusted tax basis of such asset for U.S. Federal income tax purposes;

(iii) the Book Tax Values of all Company assets (including intangible assets such as goodwill) shall be adjusted by the Tax Matters Partner to equal their respective fair market values as of the following times (each a "Revaluation Event"):

(a) the acquisition of an additional Interest in the Company by any new or existing Members in exchange for a Capital Contribution;

(b) the distribution by the Company to a Member of money or Company property as consideration for an Interest in the Company; and

(c) the liquidation of the Company within the meaning of Regulations section 1.704-1(b)(2)(iv)(f)(5)(ii);

provided, however, that adjustments pursuant to clauses (a) and (b) above shall be made only if the Tax Matters Partner reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(iv) the Book Tax Values of all Company assets (including intangible assets such as goodwill) shall be adjusted to reflect any adjustments to the adjusted basis of such assets pursuant to Code sections 734(b) or 743(b), but only to the extent that such adjustments are required to be taken into account in determining Capital Accounts pursuant to Regulations section 1.704-1(b)(2)(iv)(m); provided, however, that Book Tax Values shall not be adjusted pursuant to this subsection (iv) to the extent that the Tax Matters Partner determines that an adjustment pursuant to subsection (iii) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (iv); and

(v) if the Book Tax Value of an asset has been determined or adjusted pursuant to subsection (i), (ii), (iii) or (iv) above, such Book Tax Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses and other items allocated pursuant to Sections 4.1 through 4.3.

The foregoing definition of Book Tax Value is intended to comply with the provisions of Regulations section 1.704-1(b)(2)(iv) and shall be interpreted and applied consistently therewith.

"Business Day" means any day (other than a day which is a Saturday, Sunday or legal holiday in the State of Florida).

"Capital Account" means, for each Member, the capital account maintained by the Company for such Member as described in Section 4.1.

"Capital Contribution" means the amount of money and the initial Book Tax Value of other property voluntarily contributed by a Member to the Company, including Initial Capital Contributions and Additional Capital Contributions.

"Code" means the Internal Revenue Code of 1986, as amended from time to time or any successor statute. A reference to the Code shall be deemed to include any mandatory or successor provisions thereto.

"Code of Conduct" means the Code of Conduct applicable to the RTO Manager and the Company, as approved by the FERC and in effect from time to time.

"Depreciation" means, for each Fiscal Year or part thereof, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable for U.S. Federal income tax purposes with respect to an asset for such Fiscal Year or part thereof, except that if the Book Tax Value of an asset differs from its adjusted basis for U.S. Federal income tax purposes at the beginning of such Fiscal Year, the depreciation, amortization, or other cost recovery deduction for such Fiscal Year or part thereof shall be an amount which bears the same ratio to such Book Tax Value as the U.S. Federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or part thereof bears to such adjusted tax basis. If such asset has a zero adjusted tax basis, the depreciation, amortization, or other cost recovery deduction for each taxable year shall be determined under a method reasonably selected by the Tax Matters Partner.

"Economic Terms" means the provisions of Sections 2.7, 2.10, 2.11 and 2.12, Article 3, Article 4, Article 5, Article 6, Sections 7.1(b), 7.2(d) and 7.3, Article 10, Article 11, Article 12 and Sections 14.7, 14.10 and 14.11, including the applicable defined terms used in such provisions.

"FERC" means the Federal Energy Regulatory Commission, or any successor entity thereto.

"Final Put Date" means the date that the Company declares to be the Final Put Date, which date shall be at least ninety (90) days following the date on which that certain advisory committee to the Company, which has been approved by the FERC, receives written notice of the Company's declaration of the Final Put Date, provided, however, that in no event, shall the Final Put Date be earlier than the date that is six months following the date that the Company begins commercial operations.

"Fiscal Year" means the fiscal year of the Company as defined in Section 2.9 hereof.

"Formation Date" means the date on which the term of the Company shall commence as defined in Section 2.5 hereof.

"GAAP" means generally accepted accounting principles, as in effect from time to time.

"Initial Capital Contribution" means any initial capital contribution made pursuant to Section 3.2 of this Agreement.

"Interest" means, with respect to any Member at any time, such Member's entire beneficial ownership interest in the Company at such time, including such Member's Capital Account, voting rights, and right to share in profits and losses, all items of income, gain, loss, deduction and credit, distributions and all other benefits and liabilities of the Company, together with such Member's obligations to comply with all of the terms of this Agreement.

"Liquidator" has the meaning set forth in Section 11.2 hereof.

"Majority of the Members" means Members holding Percentage Interests representing more than fifty percent (50%) of the outstanding Interests in the Company.

"Managing Member" means the RTO Manager.

"Market Participant" means a Market Participant as defined in Order No. 2000.

"Member and Shareholder Agreement" means that certain Member and Shareholder Agreement dated as of _____, by and between the Members of the Company, the holders of Class B Common Stock of the RTO Manager, and the RTO Manager.

"Net Book Value" of an asset contributed (or proposed to be contributed) by a Member (or a prospective Member) to the Company as an Initial Capital Contribution or for cash means (i) for those Members (or prospective Members) who maintain their financial books and records in accordance with the FERC's Uniform System of Accounts, the net book value of such asset as determined pursuant to the FERC's Uniform System of Accounts, adjusted for accumulated deferred income taxes, if any, so as to approximate the FERC rate base for such assets, and (ii) for those Members (or prospective Members) who do not maintain their financial books and records in accordance with the FERC's Uniform System of Accounts, the best reasonable estimate of the original cost of such asset, net of depreciation, as reasonably determined consistent with the FERC's Uniform System of Accounts, adjusted for accumulated deferred income taxes, if any, so as to approximate the FERC rate base for such assets.

"Order No. 2000" means Order No. 2000 and all supplements and amendments thereto issued by the FERC.

"Percentage Interest" means with respect to any Member, as of any date, the ratio (expressed as a percentage) of such Member's Capital Account on such date to the aggregate Capital Accounts of all Members on such date, such Capital Accounts to be determined after giving effect to all contributions, distributions and allocations for all periods ending on or prior to such date, which ratio, following any such determination, shall be set forth on Schedule A attached hereto, as amended from time to time.

"Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, governmental entity or any department or agency thereof.

"Profits" or "Losses" means, for each Fiscal Year or part thereof, the taxable income or loss of the Company for such Fiscal Year or part thereof determined in accordance with Code section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) any income of the Company that is exempt from federal income tax shall be added to such taxable income or loss;

(ii) any expenditures of the Company described in Code section 705(a)(2)(B) of the Code or treated as such pursuant to Regulations section 1.704-1(b)(2)(iv)(i) shall be subtracted from such taxable income or loss;

(iii) any depreciation, amortization and other cost recovery deductions allowable for federal income tax purposes for such fiscal year shall be computed using Depreciation with reference to the Book Tax Value of the assets as reported for Capital Account purposes as opposed to the adjusted tax bases of such assets, in computing such taxable income or loss;

(iv) gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed with reference to the Book Tax Value of the property disposed of, rather than the adjusted tax basis of such property;

(v) in the event the Book Tax Value of any Company asset is adjusted pursuant to subsection (iii) or (iv) of the definition of Book Tax Value, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits and Losses; and

(vi) to the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code sections 734(b) or 743(b) is required to be taken into account in determining Capital Accounts pursuant Regula-

tions section 1.704-1(b)(2)(iv)(m)(4) as a result of a distribution other than in liquidation of a Member's Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses.

"Regulations" means the regulations promulgated under the Code by the Department of the Treasury, as such regulations may be amended from time to time.

"RTO" means an RTO as defined by Order No. 2000.

"Substitute Member" means a Person who has become a substitute Member pursuant to Section 10.3 hereof.

"Transfer" means any sale, assignment, gift, hypothecation, pledge, encumbrance, alienation, mortgage or other disposition, whether voluntary or by operation of law (other than a transfer which may arise by reason of death or incapacity), of an Interest or any portion thereof; provided, however, that for purposes of this Agreement, a Transfer shall not include the conversion of an Interest or any portion thereof pursuant to Section 3.4 hereof.

"Transferee" means a purchaser, transferee, assignee (other than assignees for purposes of collateralizing a Member's loan) or any other Person who takes, in accordance with the terms of this Agreement, an Interest in the Company.

ARTICLE 2
The Limited Liability Company

2.1 *Formation*. The Company was formed as a limited liability company pursuant to the provisions of the Act and in accordance with the further terms and provisions hereof. On _____, 2001, the Articles of Organization of the Company were filed with the Secretary of State of the State of Florida in conformity with the Act. Each of the Members shall execute or cause to be executed from time to time all other instruments, certificates, notices and documents, and shall do or

cause to be done all such filing, recording, publishing and other acts, in each case, as may be necessary or appropriate from time to time to comply with all applicable requirements for the formation and/or operation and, when appropriate, termination of a limited liability company in the State of Florida and all other jurisdictions where the Company shall desire to conduct its business.

2.2 *Name*. The name of the Company shall be GridFlorida LLC and its business shall be carried on in this name with such variations and changes as are necessary to comply with the requirements of the jurisdictions in which the Company's operations are conducted.

2.3 *Business Purpose*. The purpose of the Company is to obtain and maintain approval as a for-profit RTO and to operate as a for-profit RTO, to hold and operate certain transmission assets in respect of the same and, subject to the approval of the Members as may be required under this Agreement, to engage in or transact any other lawful act or activity or business for which a limited liability company may be formed under the Act; provided, however, that in no event shall the Company engage in or transact any activity or business that would result in the Company not being in compliance with Order No. 2000 and all applicable requirements of such rules and orders as the FERC may now or hereafter issue regarding RTOs; and provided further, that the Company shall not be a Market Participant and shall at no time hold, directly or indirectly, any interest in a Market Participant. The Company shall possess and may exercise all the powers and privileges granted by the Act or by any other law or by this Agreement, together with any powers incidental thereto, insofar as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business purposes or activities of the Company as described in the immediately preceding sentence. A public informational filing regarding any activity or business that the Company engages in or transacts that is not related to the services or functions that are commonly performed by RTOs shall be filed with the FERC on or before thirty (30) days prior to engaging in or transacting such activity or business together with a certificate duly executed on behalf of the Company certifying that engaging in or transacting such activity or business is in compliance with Order No. 2000 and all applicable requirements of such rules and orders as the FERC may now or hereafter issue regarding RTOs.

2.4 *Registered Office and Agent*. The registered office of the Company in the State of Florida and its registered agent for service of process on the

Company in the State of Florida shall be as set forth in the Articles of Organization of the Company, as filed with the Secretary of State of the State of Florida, as the same may be amended from time to time.

2.5 *Term*. The term of the Company shall commence on the date and time of the filing of the Articles of Organization of the Company in the office of the Secretary of State of the State of Florida (the "Formation Date") and shall continue until dissolved and liquidated in accordance with Article 11 hereof.

2.6 *Principal Office and Places of Business*. The mailing address and the street address of the principal office of the Company shall be located in the State of Florida, as determined by the Managing Member. The Company may from time to time have such other place or places of business within or without the State of Florida as the Managing Member may deem advisable.

2.7 *Title to Company Property*. No real or other property of the Company shall be deemed to be owned by any Member individually. Legal title to all property of the Company shall be held and conveyed in the name of, and vested solely in, the Company. Each Member's Interest in the Company shall constitute personal property.

2.8 *The Members*. The name, address and facsimile number and Percentage Interest of each Member is set forth on Schedule A attached hereto, which Schedule A shall be updated, from time to time, as provided under this Agreement.

2.9 *Fiscal Year*. Unless the Tax Matters Partner shall at any time otherwise determine in accordance with Code section 706, the fiscal year of the Company shall be the RTO Manager's taxable year, which ends on [December 31], and the initial Fiscal Year of the Company shall commence on the Formation Date and end on [December 31, 200_].

2.10 *No State Law Partnership*. The Members agree to form a limited liability company and intend that the Company not be a partnership (including a limited partnership) or joint venture under the laws of the State of Florida or any other laws and that no Member be a partner or joint venture of any other Member for any purpose; provided, however, that to the extent permitted by applicable law

and consistent with necessary tax elections, if any, the Company shall be treated as a partnership or other transparent entity for federal, state and local income tax purposes. This Agreement shall not be construed in any manner that is inconsistent with the foregoing.

2.11 *No Liability of Members*. All debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company. No Member shall have any liability for the debts, obligations or liabilities of the Company solely by reason of being a Member, and no Member shall have any liability for the debts, obligations or liabilities of any other Member.

2.12 *Acquisition of Transmission Facilities*. In order for the Company to acquire ownership of or operational control over transmission facilities covering the widest possible area, the Managing Member, on behalf of the Company, shall have the authority to acquire ownership of or otherwise obtain operational control over transmission facilities owned by others either through an agreement of sale, a lease, a management agreement, an operating agreement, participation in an involuntary conversion or condemnation proceeding or arrangement or any other arrangement, manner or device allowing the transfer of ownership or operational control of transmission facilities to the Company~~; provided, however, that in~~,

(a) In doing so the Company, or the Managing Member on behalf of the Company, shall require the entity whose transmission facilities the Company is acquiring ownership of ~~or~~ and/or operational control over to transfer such ownership ~~or~~ and/or control~~, as the case may be,~~ with respect to all of such entity's transmission facilities with a voltage of 69 kilovolts or higher. Notwithstanding the foregoing, such entity shall not be required to turn over ownership or operational control of a facility if (i) the entity requested an unqualified opinion from nationally recognized bond counsel that transferring ownership or control over such facility is not expected to adversely affect the exclusion from gross income of interest on any bonds used to finance such facility, and (ii) such nationally recognized bond counsel stated in writing that it is unable to provide such unqualified opinion, absent redemption of the bonds used to finance the facility or the taking of other remedial action with respect to such bonds. An entity relying on

this provision must, within 30 days of receipt of the statement from bond counsel described above, seek an IRS ruling that turning over ownership or control would not adversely affect the exclusion from gross income of interest on any bonds used to finance such facility. If the IRS grants such a ruling the entity shall be required to turn over ownership or control of such facility.

(b) The Managing Member, on behalf of the Company, may acquire or otherwise obtain ownership or control over additional transmission facilities in one or more of the foregoing ways without the approval of the Members (but subject to the Managing Member's fiduciary duty to the Members as set forth in Section 9.1(b) hereof); provided, however, that no Person shall be admitted as a Member of the Company, nor shall any Interests in the Company be issued, in connection with any of the foregoing, except in strict compliance with the provisions of Article 3 of this Agreement. In furtherance of the foregoing, for a period beginning on the date hereof and continuing until the Final Put Date, the Managing Member, on behalf of the Company, may not refuse to acquire or agree to acquire ownership of any transmission facility with a voltage of 69 kilovolts or higher that is located in peninsular Florida if, subject to Section 2.12(a), the owner of such transmission facility has offered ownership of its assets in service or under construction on or before December 15, 2001 at the Net Book Value of such assets in exchange for an Interest in the Company or cash, at the owner's option, and otherwise on commercially reasonable terms, provided, however, that any such owner shall have notified the Managing Member of its intent to do so no later than thirty days prior to the Final Put Date, provided further that the Managing Member may refuse to acquire ownership of such facilities for cash if the Managing Member reasonably determines that (i) such acquisition for cash will adversely impact the Company's ability to maintain an investment grade rating, (ii) the Company will be unable to secure financing to acquire such facilities for cash on terms reasonably satisfactory to Managing Member, (iii) such acquisition for cash will adversely impact the Company's ability to pay for the reliable and efficient operations of the transmission assets owned or controlled by the Company, (iv) such acquisition for cash will adversely impact the

Company's ability to satisfy its other payment obligations, or (v) such acquisition for cash will materially impair GF Inc.'s ability to complete a public offering of its securities. In connection with the foregoing, to the extent any such owner seeks to include debt or other liabilities along with its contributed assets, the Managing Member reasonably may determine whether the proposed level of such debt or other liabilities is excessive under the circumstances, consistent with Company maintaining an investment grade rating, and, if so, may require such owner to limit the amount of such debt or other liabilities.

(c) The Managing Member shall not, at any time, refuse to acquire operational control, in one or more of the ways described above, over any transmission facility with a voltage of 69 kilovolts or higher that is located in peninsular Florida or that is contiguous with transmission facilities that are then owned by or under the operational control of the Company if the owner of such transmission facility has offered operational control thereover to the Company on commercially reasonable terms. The provisions of this Section 2.12 shall be subject, at all times, to the provisions of Section 8.5 of this Agreement to the extent Section 8.5 is otherwise implicated.

2.13 *Planning*. The Company shall adopt a regional transmission planning process designed to identify and to facilitate, in a timely manner, the adoption and implementation of transmission options, including the opportunity by market participants to offer generation alternatives to those transmission options, that can economically relieve congestion and maintain and enhance grid efficiency and reliability. This process shall encourage and provide opportunities for meaningful, in depth participation by all market participants, the Florida Public Service Commission and other interested parties. In order that new generation and new transmission projects are efficiently coordinated so as to ensure reliability and efficient congestion management, for each planning period, the planning process shall include, at a minimum, early, regular and complete public disclosure, consistent with and subject to confidentiality requirements and information disclosure policies, of : (i) any transmission projects proposed or endorsed; (ii) the underlying assumptions and data on which the proposal is based; (iii) any analysis relied upon by the Company concerning its proposed transmission plan or generation alternatives offered by

market participants; (iv) all documents supporting assumptions underlying the proposed plan that are challenged by participants in the planning process.

2.14 *Representations and Warranties of the Members*. Each Member represents and warrants that:

(a) It is duly organized, validly existing and in good standing under the laws of the state of its organization;

(b) It has all requisite power and authority to enter into this Agreement; the execution and delivery by such Member of this Agreement and the consummation by such Member of the transactions contemplated hereby have been duly authorized by all necessary and appropriate action on the part of such Member; and this Agreement has been duly and validly executed and delivered by such Member and constitutes (assuming the due and valid execution and delivery of this Agreement by the other Members), the legal, valid and binding obligations of each Member, enforceable against each Member in accordance with its terms;

(c) There is no litigation pending or, to the best knowledge of such Member, threatened against such Member which has a reasonable likelihood of materially and adversely affecting the operations, properties or business of the Company or any of such Member's obligations under this Agreement;

(d) The execution, delivery and performance by such Member of this Agreement will not result in a breach of any of the terms, provisions or conditions of any agreement to which such Member is a party which has a reasonable likelihood of materially and adversely affecting the operations, properties or business of the Company or such Member's obligations under this Agreement;

(e) The execution and delivery by such Member of this Agreement and the formation of the Company as a limited liability company does not require any filing by it with, or approval or consent of, any governmental authority which has not already been made or obtained, except the filing of the Articles of Organization of the Company in the office of the Secretary of State of the State of Florida; and

(f) There are no claims, either administrative or judicial, at law or in equity, pending or, to the knowledge of such Member, threatened against it which could, if continued, have a material adverse affect on the business, operations, properties, assets or condition (financial or otherwise) of such Member, or the ability of such Member to perform its obligations under this Agreement.

2.15 *PUHCA Exemption*. Neither the Company nor the Managing Member on behalf of the Company shall take any action that would cause any Member to be subject to regulation as a registered public utility holding company under the Public Utility Holding Company Act of 1935, as amended.

ARTICLE 3
Capital Structure and Contributions

3.1 *Capital Structure*. The capital structure of the Company shall consist of one class of common Interests. Except as otherwise set forth herein, each Interest in the Company shall be identical in all respects and shall entitle the holder thereof to the same rights and privileges and shall be subject to the same qualifications, limitations and restrictions.

3.2 *Initial Capital Contributions*.

(a) Each initial Member has contributed or is herewith contributing on the date hereof, as an initial capital contribution to the Company (an "Initial Capital Contribution"), all of its right, title and interest (whether now held or hereafter acquired) in and to the assets listed and described, together with a statement of the agreed upon Book Tax Value of such assets, following such initial Member's name on Schedule B attached hereto.[2] In exchange for its Initial Capital Contribution, each initial Member has received or is herewith receiving an Interest in the Company in proportion to such initial Member's Percentage Interest, which shall be set forth on Schedule A attached hereto.

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[2] FPL intends to contribute (or cause an affiliate to contribute) its transmission assets to the Company at the Net Book Value of such assets determined pursuant to the terms of this Agreement.

(b) Other Persons may be admitted as Members of the Company provided that (i) any such Person becomes a party to this Agreement by executing, delivering, adopting and acknowledging this Agreement, and (ii) such Person makes an Initial Capital Contribution, the agreed upon Book Tax Value of which shall be approved by the Managing Member at the time such Person is admitted, upon receipt of which the Company shall update Schedule B attached hereto accordingly. Upon satisfaction of the foregoing, such Person shall become a Member and shall receive an Interest in the Company in proportion to such Member's Percentage Interest, which shall be set forth on Schedule A attached hereto. As a result of the admission of any such additional Member, the Percentage Interests of each other Member shall be adjusted accordingly and the Company shall update Schedule A attached hereto accordingly.

(c) The Members shall be entitled to make Additional Capital Contributions as provided in Section 3.3 hereof.

3.3 *Additional Capital Contributions*. Members shall not be obligated to make any additional capital contribution to the Company (an "Additional Capital Contribution"). A Member may, with the approval of the Managing Member, make Additional Capital Contributions, provided that the Percentage Interests of each Member shall be adjusted accordingly and the Company shall update Schedule A attached hereto accordingly.

3.4 *Optional Conversion of Member Interests*. Each Member, at its option, may convert all or any portion of its Interest in the Company into shares of non-voting Class B Common Stock of the RTO Manager by transferring to the RTO Manager such portion of its Interest to be so converted pursuant to the terms of the Member and Shareholder Agreement, provided that, as a result of any such conversion, the Percentage Interests of each Member shall be adjusted accordingly and the Company shall update Schedule A attached hereto accordingly.

ARTICLE 4
Capital Accounts

4.1 *Capital Accounts*. Each Member shall have a capital account (a "Capital Account") which account shall be credited with (i) the Capital Contributions (net of liabilities that the Company is considered to assume or take subject to under Code section 752) contributed by such Member to the Company; and (ii) allocations of Profits to it pursuant to Section 5.1. Each Member's Capital Account shall be debited with (i) the amount of cash and the Book Tax Value of other property distributed to such Member (net of liabilities that such Member is considered to assume or take subject to under Section 752 of the Code) and (ii) allocations of Losses to it pursuant to Section 5.1. The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations section 1.704-1(b), and shall be interpreted and applied in a manner consistent therewith.

4.2 *No Other Capital Contributions*. Except as provided in Section 3.3, no Member shall be permitted or obligated to make any Additional Capital Contributions to the Company's capital.

4.3 *No Interest on Capital Contributions*. No Member shall be entitled to demand or receive interest on its Capital Contributions.

4.4 *No Right of Withdrawal*. No Member shall have the right to withdraw any portion of such Member's Capital Contributions to, or to receive any distributions from, the Company, except as provided in Articles 6 and 11 hereof.

4.5 *Loans*. The RTO Manager may cause the Company to borrow funds from third parties or enter into other similar credit, guarantee, financing or refinancing arrangements with third parties for any prudent business purpose and at reasonable rates.

4.6 *Transfers*. In the event that all or a portion of an Interest in the Company is Transferred in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest, and all allocations of Profits or Losses pursuant to Article 5 with respect to such transferred Interest shall be allocated, as between the transferor

and the Transferee, by taking into account their varying interests in accordance with Code section 706.

ARTICLE 5
Allocation of Profit and Loss

5.1 *Allocation of Profit and Loss*.

(a) *Allocations to Capital Accounts*. After giving effect to the special allocations provided in Section 5.1(b), (c) and (d), Profits and Losses shall be allocated among the Members in proportion to their Percentage Interests.

(b) *Special Allocations*. Any allocation pursuant to Section 5.1(a) will be subject to any adjustment required to comply with Regulations section 1.704-1(b), including, without limitation, any qualified income offset within the meaning of Regulations section 1.704-1(b)(2)(ii)(d) and any nonrecourse deduction (including partner nonrecourse deduction) or minimum gain chargeback (including partner minimum gain chargeback) within the meaning of Regulations section 1.704-2. Any special allocations of items pursuant to this Section 5.1(b) shall be taken into account, to the extent permitted by the Regulations, in computing subsequent allocations of Profits and Losses pursuant to Section 5.1(a) so that the net amount of any items so allocated and all other items allocated to each Member shall, to the extent possible, be equal to the amount that would have been allocated to each Member pursuant to Section 5.1(a) had such special allocations under this Section 5.1(b) not occurred.

(c) *Redeterminations*. If for any taxable period of the Company, the Company is deemed to have a net increase (or decrease) in taxable income as a result of a redetermination by a tax authority resulting from transactions between the Company and any Member or any Affiliate of any Member, the item or items of Profits or Losses that resulted in such increase (or decrease) in taxable income shall be allocated to the Member that was (or the Affiliate of which was) a party to the transaction and the Capital Accounts of the Members shall reflect such allocations but shall not result in any change in the respective Percentage Interests of the Members.

(d) *Allocations of Corporate Income Tax Allowances*. If for any taxable period of the Company, the Company is deemed to have a net increase (or decrease) in taxable income as a result of corporate income tax allowances included in the Company's cost-of-service, the item or items of Profits or Losses that resulted in such increase (or decrease) in taxable income shall be allocated to those Members that are subject to a corporate income tax, on a pro rata basis in proportion to the corporate income tax attributable to each such Member, and the Capital Accounts of the Members shall reflect such allocations.

5.2 *Tax Allocations*. (a) If, as a result of contributions of property by a Member to the Company or as an adjustment to the Book Tax Value of Company assets pursuant to this Agreement, there is a disparity between the Book Tax Value of any Company asset and the Company's adjusted tax basis in such asset, any items of income, gain, loss and deduction with respect to such property shall be allocated among the Members so as to take account of such variation between the Book Tax Value and the adjusted tax basis of such asset, consistent with Code section 704(c) and the Regulations thereunder using such method as is permitted under the Regulations and agreed to by all of the Members on the date hereof.

(b) Any elections or other decisions relating to the maintenance of Capital Accounts or the allocation provisions of this Article 5 shall be made by the Tax Matters Partner in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 5.2 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

ARTICLE 6
Distributions

6.1 *Cash Distributions*. Subject to applicable law and any limitations contained elsewhere in this Agreement, and after setting aside such funds as are required to meet the Company's minimum requirements for cash for operations and any reasonable reserves for working capital, the Managing Member shall distribute: (i) cash to the Members that are subject to a corporate income tax, within ten days after the end of each fiscal quarter, in an amount equal to the item or items of Profits

allocated to each such Member, respectively, during such fiscal quarter pursuant to Section 5.1(d) of this Agreement; and, (ii) cash to the Members within ten days after the end of each fiscal quarter, pro rata in accordance with the Members' respective Percentage Interests, in an amount that is equal to the product of (x) the Tax Percentage and (y) the Tax Matters Partner's reasonable estimate of the Company's taxable income for such Fiscal Year (determined in accordance with Code section 703(a) as reflected on the IRS Form 1065 Schedule K-1 issued to each Member) attributable to such fiscal quarter. For purposes of determining the minimum amount to be distributed to the Members pursuant to the preceding sentence, the term "Tax Percentage" shall mean the maximum combined U.S. Federal and Florida income tax rates applicable to corporations with respect to the Fiscal Year for which such determination relates. In addition to the foregoing, subject to applicable law and any limitations contained elsewhere in this Agreement, additional cash distributions may be made to the Members, pro rata in accordance with the Members' respective Percentage Interests, at such times and in such aggregate amounts as may be determined by the Managing Member.

6.2 *Distributions in Kind*. No distributions of property other than cash shall be made without the consent of all of the Members.

6.3 *No Right to Distributions*. No Member shall have the right to demand or receive distributions of any amount, except as expressly provided in this Article 6.

6.4 *Withholding*. If the Company is required to withhold with respect to any payments, distributions or allocations to a Member by applicable federal, state, local or foreign tax laws, the Company may withhold such amounts and make such payments to taxing authorities as are necessary to ensure compliance with such tax laws. Any funds withheld by reason of this Section 6.4 shall nonetheless be deemed distributed or allocated (as the case may be) to the Member in question for all purposes under this Agreement. If the Company did not withhold from actual distributions or allocations any amounts it was required to withhold, the Company may, at its option, (i) require the Member to which the withholding was credited to reimburse the Company for such withholding; or (ii) reduce any subsequent distributions to such Member by the amount of such withholding. The obligation of a Member to reimburse the Company for taxes that were required to be withheld shall continue after such Member Transfers its Interest in the Company or after a with-

drawal by such Member. Each Member agrees to furnish the Company with any representations and forms as shall reasonably be requested by the Company to assist it in determining the extent of, and in fulfilling, any withholding obligations it may have.

ARTICLE 7
Accounting and Reports

7.1 *Books and Records*.

(a) The Company shall maintain or cause to be maintained at its principal office, located in the State of Florida, this Agreement and all amendments thereto and full and accurate books of the Company showing all receipts and expenditures, assets and liabilities, profits and losses, and all other books, records and information required by the Act as necessary for recording the Company's business and affairs. The Company's books and records for financial reporting purposes shall be maintained in accordance with GAAP, consistently applied, except to the extent provided hereunder for purposes of maintaining Capital Accounts in accordance with Article 4 hereof and calculating the Profits or Losses allocated thereto in accordance with Article 5 hereof. Such documents, books and records shall be maintained until two (2) years after the termination and liquidation of the Company. The Company's financial statements shall also be kept in accordance with all applicable regulatory requirements, including the FERC's Uniform System of Accounts, and such financial statements shall be used in connection with setting the Company's rates, subject to regulation by the FERC.

(b) Except as any such right may be limited by the Code of Conduct or any applicable requirements of such orders or rules as the FERC may now or hereafter issue regarding access to facilities, books and records of RTOs, each Member shall have the right at reasonable times during usual business hours to examine, audit and make copies of the books of account and other financial and accounting books and records of the Company and other books and records relating to the reserves, assets, liabilities and expenses of the Company and expenditures by the Managing Member on behalf of the Company, including all information necessary to enable each Member to prepare all federal, state and local tax returns and reports and to support and defend such returns and reports; provided, however, that

none of the foregoing activities shall be conducted in a manner that unreasonably interferes with the Company's operations or business or provides any Member (other than the Managing Member) with information that is not otherwise available under the Company's information policy then on file with the FERC or that gives such Member a competitive advantage that is not permitted by Order No. 2000 or any other applicable requirements of such rules or orders as the FERC may now or hereafter issue regarding RTOs. Such right may be exercised through any agent or employee of a Member designated in writing by it or by an independent public accountant, engineer, attorney or other consultant so designated. The Member making the request shall bear all expenses incurred in any inspection, audit or examination made at such Member's behest. Should any inspection, audit or examination disclose any immaterial errors or immaterial improper charges, the Managing Member shall make, or cause to be made, appropriate adjustments therefor. In the event such errors or such improper charges are material and disadvantage one Member relative to the other Members, the Managing Member shall (i) reimburse the Company therefor and (ii) bear all reasonable expenses of such inspection, audit or examination.

7.2 *Reports to Members*.

(a) As soon as available to the Company and in any event within thirty (30) days after the end of the first eleven (11) months of each Fiscal Year and within forty-five (45) days after the end of the last month of each Fiscal Year, the Managing Member shall cause to be prepared and sent to each Member for the prior month and for the period from the beginning of such Fiscal Year to the end of such fiscal month, a financial statement package which shall (i) be prepared in accordance with GAAP (except that certain footnotes may be omitted); and (ii) set forth in each case in comparative form versus both the figures for the previous Fiscal Year, and the forecast for the current Fiscal Year.

(b) As soon as practicable and in any event within ninety (90) days after the end of each Fiscal Year, the Managing Member shall provide to each Member audited financial statements of the Company for such Fiscal Year setting forth in each case in comparative form the figures for the previous Fiscal Year, certified by such certified public accountants as may be selected by the Managing Member.

(c) The Company or the Managing Member shall provide to each Member on a timely basis such information as a Member may reasonably request regarding the details of transactions recorded in the financial statements described in Subsections 7.2(a) and 7.2(b) hereof.

(d) As requested, the Company shall provide to each Member such information as may be necessary for them to comply with applicable financial reporting requirements of any competent governmental authorities or agencies or stock exchange on which the shares of any such company are listed including, without limitation, the New York Stock Exchange and the U.S. Securities and Exchange Commission and such information regarding the financial position, business, properties or affairs of the Company as a Member may reasonably request.

7.3 *Tax Matters*.

(a) The RTO Manager is hereby designated the "Tax Matters Partner" for federal income tax purposes pursuant to Section 6231 of the Code with respect to all taxable years of the Company and is authorized to do whatever is necessary to qualify as such. Each Member hereby agrees to join in the execution of such forms or documents or to take such other actions as may be necessary or appropriate to designate the RTO Manager as the Tax Matters Partner. The Tax Matters Partner is also authorized and directed to undertake all actions permitted or assigned to the Tax Matters Partner by this Agreement. Any direct or indirect costs and expenses incurred by the Tax Matters Partner, acting in its capacity as such, shall, upon submission of an adequate accounting, be deemed costs and expenses of the Company, and the Company shall reimburse the Tax Matters Partner for such amounts. The Members hereby agree that the Company shall indemnify the Tax Matters Partner pursuant to Article 12 of this Agreement from and against any and all damages asserted against or incurred by the Tax Matters Partner in connection with any actions which the Tax Matters Partner reasonably believes to be within the scope of the authority conferred on it pursuant to this Agreement.

(b) The Tax Matters Partner shall prepare or cause to be prepared all tax returns required of the Company. As soon as practicable after the end of each taxable year, the Tax Matters Partner shall furnish to each Member such information in the possession of the Tax Matters Partner requested by such Member

as necessary to timely fulfill such Member's federal, state, local and foreign tax obligations, including Schedule K-1, or any similar form as may be required by the Code or the Internal Revenue Service (the "IRS"). The Members shall file their individual or corporate returns, as such pertain to the business of the Company, in a manner consistent with the Company's tax and information returns.

(c) The Tax Matters Partner shall use its best efforts to do all acts and take whatever steps are required to maximize, in the aggregate, the federal, state and local income tax advantages available to the Company and shall defend all tax audits and litigation with respect thereto.

(d) In the event that the Company shall be the subject of any audit, assessment of taxes, other examination by any tax authority, proceedings, or appeal of such a proceeding relating to taxes, whether administrative or judicial (a "Tax Contest"), to the extent the Company is treated as an entity for purposes of such Tax Contest, the Tax Matters Partner shall be authorized to act for, and its decision shall be final and binding upon, the Company and each Member thereof, to the extent provided in Code section 6224(c).

(e) The Members hereby authorize the Tax Matters Partner to make (or cause to be made) any elections for tax purposes, including any election under Code section 754, as it determines, in its sole discretion, except to the extent inconsistent with Article 5 hereof with respect to the maintenance of Capital Accounts and allocations thereto; provided, however, that the Tax Matters Partner may not make (or cause to be made) any election to cause the Company to be treated as an association taxable as a corporation without the approval of a Majority of the Members.

(f) Each Member hereby agrees to provide the Tax Matters Partner with reasonable access to such Member's books and records relating to any assets contributed by such Member to the Company to the extent that information contained in such books and records is required by the Tax Matters Partner in order to prepare any tax or information returns of the Company or to defend any audits or litigations relating thereto.

7.4 *Annual Operating Budget and Five Year Plan*. No later than forty-five (45) days before the end of each Fiscal Year, the Managing Member shall

prepare in good faith and [submit to the Membership Committee (as defined in Article 8), for its information and comment (but not for its approval)], an annual operating budget ("Annual Operating Budget") and five year plan, each of which shall, in the best judgment of the Managing Member, reflect reasonable expectations for the Company during the period covered. The Managing Member shall in its sole discretion approve the Annual Operating Budget and any amendments thereto.

ARTICLE 8
Actions by Members

8.1 *Membership Committee*. The Company shall have a Membership Committee made up of all Members. Except as otherwise provided in this Agreement, on all matters requiring approval of the Members, each Member shall be entitled to vote ratably in proportion to its then current Percentage Interest in the Company.

8.2 *Meetings*. Meetings of the Membership Committee shall be held only at the call of the Managing Member and only for the purpose of seeking the approval or consent of the Members as provided in the Approval Terms of this Agreement or for the consideration of any extraordinary matter, including changes in applicable state or federal income tax laws or regulations, changes in the rules, regulations or policies of the FERC applicable to RTOs or such other laws or regulations applicable to the Company or the Members, as Members. The Members may take action by the vote of Members at a meeting in person or by proxy, or without a meeting by written consent. Any action required or permitted to be taken at any meeting of the Membership Committee may be taken without a meeting if Members holding Percentage Interests sufficient to approve the action pursuant to the terms of this Agreement consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Membership Committee. In no instance where action is authorized by written consent shall a meeting of the Membership Committee be called or notice be given; however, a copy of the action taken by written consent shall be sent promptly to all Members and filed with the minutes of the proceedings of the Membership Committee.

8.3 *Notice, Quorum and Vote Required*. Meetings of the Membership Committee may be called by the Managing Member upon at least five (5) days'

prior written notice of the time and place of such meeting. For any meeting of the Membership Committee, the presence in person or by proxy of a Majority of the Members at the time of the action taken shall constitute a quorum for the transaction of business. Unless otherwise specifically provided herein, all matters requiring approval or consent of the Members shall be decided by an affirmative vote or written consent of a Majority of the Members.

8.4 *Power to Bind the Company*. Except as specifically provided pursuant to the Approval Terms of this Agreement or the Act, the Members, other than the Managing Member, shall not participate in the control or operation of the Company. No Member, other than the Managing Member, shall have the authority to sign or deliver any instrument transferring or affecting the Company's interest in any real or personal property. No Member (acting in its capacity as such), other than the Managing Member, shall have any authority to bind the Company to any third party with respect to any matter.

8.5 *Matters Requiring Member Approval*. To the extent that the Members may waive their right to vote, approve or consent in respect of any matter requiring approval of the Members under the Act or other applicable law, the Members (other than the Managing Member) hereby waive any such right. In addition to any other matter requiring approval of the Members under any nonwaivable provisions of the Act or other applicable law, and any other vote of the Members provided under the Approval Terms of this Agreement, an affirmative vote of a Majority of the Members shall be required for any of the following matters:

(a) any proposal by the Company to (i) convert the Company into an entity other than a limited liability company, (ii) enter into any transaction that would result in a change of control of the Company, (iii) sell, transfer, lease, exchange or otherwise dispose of all, or substantially all, of the assets of the Company (other than pursuant to a mortgage or security interest entered into in connection with a financing of the Company's business) and all or a portion of the consideration received therefor by the Company is cash, or (iv) merge or consolidate with or into any other entity and all or a portion of the consideration received therefor by the Members is cash; provided, however, that the approval of the Members shall not be required by this Agreement for any transaction for which the Company or the Members, as the case may be, would not receive consideration in cash and that would result in the transfer of control of the Company to a transmission owner or an

RTO that is located in the State of Florida or in the geographic area covered by the Southeastern Electric Reliability Council, as it existed on September 1, 2000, unless a Member requests an independent investment banker to render an opinion to the Members (other than the Managing Member) to the effect that the terms of such transaction are fair to the Interests of the Members in the Company from a financial point of view and such independent investment banker determines that it cannot render such an opinion; provided further that (x) any rejection of a merger or consolidation by the Members will be subject to a FERC determination that such merger or consolidation would adversely impact the integrity of the Members' investment in the Company or RTO Manager, (y) immediately following their decision to reject a merger or consolidation, the Members voting against such merger or consolidation shall file with FERC for such a determination, and (z) any such merger or consolidation shall not be deemed to have been approved or rejected until the FERC has made its determination. A "change of control" or "transfer of control" as applied herein to the Company shall be deemed to have occurred if, following the consummation of any transaction, less than fifty percent (50%) of the outstanding Interests of the Company (or any successor entity resulting from such transaction) is held by those holders of the Interests of the Company immediately prior to the consummation of such transaction. The independent investment banker contemplated hereby shall be selected as follows: (i) the Managing Member shall submit to the other Members a list of five nationally or regionally recognized investment bankers and their respective qualifications, provided, that none of such investment bankers shall have acted as an advisor or an underwriter for, or otherwise represented, the Company, any Member, the RTO Manager, any holder of Class B Common Stock of the RTO Manager, any other party to the transaction in question, or any affiliate of the foregoing entities at any time during the two (2) previous years; and (ii) the Members (other than the Managing Member), acting together by a majority vote of such Members, shall then select an investment banker from such list to be retained to render the opinion contemplated hereby;

(b) any acquisition or business development opportunity that is otherwise permissible under Sections 2.3 and 9.1(c) of this Agreement but is not (i) related to the provision of electric transmission service, including but not limited to the formation and administration of electric markets, or other services or functions that are commonly performed by RTOs, or (ii) a business with electric facilities located in, or that are directly interconnected with transmission facilities located in,

Florida or the geographic area covered by the Southeastern Electric Reliability Council as it existed on September 1, 2000;

(c) any proposal to (i) institute proceedings to have the Company adjudicated bankrupt or insolvent, (ii) consent to the institution of bankruptcy or insolvency proceedings against the Company, (iii) file a petition seeking a reorganization of the Company under federal or state bankruptcy laws, (iv) consent to the appointment of a receiver or trustee for the Company, or (v) make an assignment for the benefit of creditors of the Company; and

(d) any proposal to amend the Approval Terms or the Economic Terms of this Agreement.

ARTICLE 9
Duties and Responsibilities of the Managing Member

9.1 *General Management.* (a) Except as otherwise expressly provided pursuant to the Approval Terms of this Agreement, the Managing Member, in its capacity as a Member of the Company under the Act, shall have sole and complete charge and management of all the affairs and business of the Company, in all respects and in all matters. The Managing Member shall be an agent of the Company, and the actions of the Managing Member taken in such capacity and in accordance with this Agreement shall bind the Company. The Managing Member shall at all times be a Member of the Company. Except as otherwise expressly provided pursuant to the Approval Terms of this Agreement, the Members other than the Managing Member shall not participate in the control of the Company, and shall have no right, power or authority to act for or on behalf of, or otherwise bind the Company. Except as expressly provided pursuant to the Approval Terms of this Agreement or required by any non-waivable provisions of applicable law, Members other than the Managing Member shall have no right to vote on or consent to any other matter, act, decision or document involving the Company or its business.

(b) At all times the Managing Member shall be a fiduciary of the Company and shall act in good faith and in a manner that the Managing Member reasonably believes to be in the best interests of the Company. In managing the

business and affairs of the Company, the Managing Member shall perform its duties in a manner consistent with its duties to the Members under this Agreement. In performing such duties, the Managing Member shall consider the interests of the Members solely in their capacity as investors in the Company and shall have no duty to consider, and shall not consider, any other interests that the Members may have in any other business, asset or liability, including any Members' interests as participants in the electric markets served by the Company, such that the Company shall, under no circumstance, be used to protect or promote any such present or future interest of any Member.

(c) At all times the Managing Member shall operate, maintain, plan and expand the Company's transmission system to meet the needs of all users of such transmission system in a non-discriminatory manner, consistent with all applicable requirements of Order No. 2000 and such other orders or rules as the FERC may now or hereafter issue regarding RTOs.

9.2 *Exclusive Control*. Except as otherwise expressly provided pursuant to the Approval Terms of this Agreement, the Managing Member shall have full, exclusive and complete discretion to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company and to take all such actions as it reasonably deems necessary or appropriate to accomplish the purposes and direct the affairs of the Company. The Managing Member shall have the right to manage and make decisions in a manner that the Managing Member reasonably believes will foster the long term growth and prospects of the business, and the Managing Member shall have no duties or liabilities to another Member or other Person for actions and decisions that the Managing Member reasonably believes are necessary, appropriate or consistent with such long term growth and prospects. The Managing Member shall have the sole power and authority to bind the Company, except and to the extent that such power is expressly delegated in writing to any other Person by the Managing Member.

9.3 *Certain Powers*. Except as otherwise expressly provided pursuant to the Approval Terms of this Agreement, the Managing Member shall have the exclusive right, power and authority, in the management of the business and affairs of the Company, to do or cause to be done any and all acts at the expense of the Company, deemed by the Managing Member to be necessary or appropriate to effectuate the business of the Company. Except as expressly provided pursuant to the

Approval Terms of this Agreement and, without limiting the generality of the foregoing, the Managing Member shall have full and complete power and authority (but only in such a manner that is consistent with the provisions of this Agreement, the Code of Conduct, Order No. 2000 and all applicable requirements of such rules or orders as the FERC may now or hereafter issue regarding RTOs), without the approval of any other Member:

(a) to conduct any business that is not inconsistent with the Company's purpose as set forth in Section 2.3 hereof or the provisions of Section 9.1(c) hereof, and to exercise any rights and powers, permitted of a limited liability company organized under the laws of the state of Florida, in any state, territory, district or foreign country as the Managing Member deems necessary or advisable;

(b) to acquire by purchase, lease or otherwise, and/or to otherwise own, hold, operate, finance, maintain, improve, lease, sell, convey, mortgage, transfer or dispose of any property or other assets that the Managing Member deems necessary or advisable;

(c) to negotiate, enter into, perform, modify, extend, terminate, amend, waive, renegotiate and/or carry out any contract and agreements of any kind and nature, including without limitation, contracts and agreements with any Member or any agent of the Company, as the Managing Member deems necessary or advisable;

(d) to lend money and to invest and reinvest its funds;

(e) to sue and be sued, complain and defend, and participate in administrative, judicial and other proceedings, in the name of, and on behalf of, the Company;

(f) to pay, collect, compromise, arbitrate or otherwise adjust or settle any and all claims or demands of or against the Company, in such amounts and upon such terms and conditions as the Managing Member shall reasonably determine;

(g) to, from time to time, employ, engage, hire or otherwise secure the services of such Persons, including any Member, as the Managing

Member may deem necessary or advisable for the proper execution of its duties as Managing Member hereunder, provided such services are within the scope of the foregoing authority granted to the Managing Member hereunder, with such employment to be for such reasonable compensation and upon such reasonable terms and conditions as the Managing Member shall determine;

(h) to, from time to time, appoint such Executive Officers as the Managing Member deems necessary or advisable, define and modify, from time to time, such Executive Officers' duties, and fix and adjust, as appropriate, such Executive Officers' compensation;

(i) to borrow money and issue evidences of indebtedness necessary, convenient or incidental to the business of the Company, and secure the same by mortgage, pledge or other lien on any tangible assets of the Company;

(j) to prepare, execute, file record, publish and deliver any and all instruments, documents or statements necessary or convenient to effectuate any and all actions that the Managing Member is authorized to take on behalf of the Company;

(k) to deal with, or otherwise engage in business with, or provide services to and receive compensation therefor from, any Person who has provided services to, lent money to, sold property to, or purchased property from the Company or a Member, or any Person who may do so in the future; and

(l) to establish all accounting and tax policies that the Company will use to maintain its books and records.

9.4 *Restrictions on Other Members.* Except as expressly provided in the Approval Terms of this Agreement or required by any non-waivable provision of the Act or other applicable law, no Member other than the Managing Member shall (a) have the right to vote on or consent to any other matter, act, decision or document involving the Company or its business, (b) have the authority to sign or deliver any instrument transferring or affecting the Company's interest in any real property, or (c) take part in the day-to-day management, or the operation or control, of the business and affairs of the Company. [Except to the extent expressly delegated by the Managing Member,] no other Member or Person other than the Managing Member shall be

an agent for the Company or have any right, power or authority to transact any business in the name of the Company or to act for or on behalf of or to bind the Company.

9.5 *Personnel*. The Managing Member may, in its sole discretion, employ for the Company such personnel as it deems appropriate, but only in such a manner that is consistent with the provisions of this Agreement, the Code of Conduct, Order No. 2000 and such rules and orders as the FERC may now or hereafter issue regarding RTOs.

9.6 *Restrictions on Managing Member*. Notwithstanding any contrary provision of this Agreement, without the approval or written consent of all of the Members, the Managing Member shall not have the authority to:

(a) Do any act in contravention of this Agreement or contrary to the best interests of the Company;

(b) Knowingly perform any act that would subject any Member to liability for the debts, liabilities or obligations of the Company;

(c) Require any Member to make Additional Capital Contributions to the Company;

(d) Receive any compensation for performing its duties as the Managing Member;

(e) Except for such adjustments or revaluations as are contemplated in the definition of Book Tax Value set forth in Article I hereof, revalue, or cause to be revalued, any assets of the Company; or

(f) Do any acts, perform any actions or effect any matters requiring approval of the Members under the provisions of this Agreement or the Act or other applicable law, without first obtaining the approval of the Members required by such provisions.

ARTICLE 10
Transfer of Interests in the Company; Withdrawal of Members

10.1 *Prohibited Transfers*. Except as provided in Section 10.2 of this Agreement, no Member may Transfer or encumber its Interest in the Company or any part thereof in any way whatsoever, and any such Transfer or encumbrance in violation of this Article 10 shall be null and void as against the Company, except as otherwise permitted herein or provided by law, and the Transferring or withdrawing Members shall be liable to the Company and the other Members for all damages that they may sustain as a result of such attempted Transfer.

10.2 *Permitted Transfers by Members*. No Member may Transfer all or a portion of its Interest in the Company unless:

(a) the Member desiring to consummate such Transfer (the "Assigning Member"), and the prospective Transferee each execute, acknowledge and deliver to all the other Members such instruments of transfer and assignment with respect to such Transfer and such other instruments as are reasonably satisfactory in form and substance to a Majority of the Members, except that the provisions of this Section 10.2 (a) shall not apply to any Transfer that is made immediately prior to, and in connection with , the conversions of that portion of such Interest that is to be Transferred into shares of Class B Common Stock of the RTO Manager pursuant to the terms of this Agreement and the Member and Shareholder Agreement and the immediate conversion thereafter of such shares of Class B Common Stock into shares of Class A Common Stock pursuant to the provisions of the Articles of Incorporation of the RTO Manager for purposes of offering and selling such shares of Class A Common Stock to the public or to private investors;

(b) the Transfer will not violate any securities laws or any other applicable federal or state laws or the order of any court having jurisdiction over the Company or any of its assets;

(c) the Transfer will not result in or create a "prohibited transaction" as defined in Code section 4975(c) or result in or cause the Company or any Member to be liable for excise tax under Chapter 42 of the Code or result in or cause the Company or the Company's assets to become the assets of an employee benefit plan (as defined in Section 3(3) of ERISA);

(d) the Transfer will not cause any violation of or an event of default under, or result in acceleration of any indebtedness under, any note, mortgage, loan, or similar instrument or document to which the Company is a party;

(e) the Transfer will not cause a material adverse tax consequence to the Company or any of the Members including but not limited to any material adverse tax consequence resulting, directly or indirectly, from the termination of the Company under Code section 708; and

(f) the Transfer will not cause the Company to be classified as a corporation (or an association taxable as a corporation) within the meaning of the Code section 7701 or as a publicly traded partnership within the meaning of Code section 7704.

10.3 *Substitute Member*. A Transferee of the whole or any part of an Interest in the Company who satisfies the conditions set forth in Section 10.2 hereof shall have the right to become a Member in place of the Assigning Member (a "Substitute Member") only if all of the following conditions are satisfied:

(a) the fully executed and acknowledged written instrument of assignment that has been filed with the Company sets forth a statement of the intention of the Assigning Member that the Transferee become a Substitute Member in its place;

(b) the Transferee executes, adopts and acknowledges this Agreement, and those certain other agreements set forth in Schedule C attached hereto, and agrees to assume all the obligations of the Assigning Member hereunder and thereunder; and

(c) any costs of the Transfer incurred by the Company shall have been reimbursed to the Company by the Assigning Member or the Transferee.

10.4 *Involuntary Withdrawal by a Member*. Upon the occurrence of an event referenced in Section 608.4237 of the Act, or any successor provision thereto, the Member with respect to whom such event occurred shall forthwith cease to be a Member and shall have no rights or powers as a Member and the continuation of the Company shall be governed by Section 11.2 of this Agreement.

10.5 *Voluntary Withdrawal by a Member*. No Member may resign or withdraw from the Company without the prior written consent of all of the Members, which consent may be withheld by any such other Member in its sole and absolute discretion; provided, however, that for purposes of this Agreement, the conversion of an Interest or any portion thereof pursuant to Section 3.4 hereof shall not be deemed to be a resignation or withdrawal.

10.6 *Effect of Transfer*. No Transfer shall relieve any Member from its obligations incurred hereunder prior to such Transfer.

ARTICLE 11
Dissolution and Liquidation

11.1 *Dissolution*. The Company shall be dissolved upon the first of the following events to occur (each a "Dissolution Event"):

(a) The withdrawal, resignation, dissolution or liquidation of a Member, or the occurrence of an event resulting in the Member ceasing to be such under the Act;

(b) One hundred eighty (180) days after the filing of a bankruptcy petition, provided that such petition has not been dismissed in the interim;

(c) The sale, transfer or other disposition of all or substantially all the assets of the Company, including condemnation by eminent domain;

(d) An agreement in writing by all of the Members to dissolve the Company;

(e) An entry of a decree of judicial dissolution of the Company; or

(f) The occurrence of any other event specified under the Act as one requiring such dissolution.

11.2 *Election to Continue the Business*. The Company shall not be dissolved pursuant to a Dissolution Event specified in Subsections 11.1(a) or (f) (except as otherwise provided in the Act), if, within 45 days of such Dissolution Event, a Majority of the Members remaining agree in writing to continue the business of the Company, and in the event there is only one remaining Member, such Member shall have the right to admit a new Member in accordance with the terms of this Agreement.

11.3 *Closing of Affairs*. In the event of the dissolution of the Company for any reason, and in the absence of an election to continue the business of the Company, an independent liquidator (the "Liquidator") selected by a Majority of the Members remaining shall commence to close the affairs of the Company, to liquidate its investments and to terminate the Company. The Liquidator shall act as a fiduciary to the Company and shall have full right and unlimited discretion to manage the business of the Company during the period of closing the affairs of the Company and to determine the time, manner and terms of any sale or sales of Company property pursuant to such liquidation. Upon complete liquidation of the Company's property and compliance with the distribution provisions set forth in Section 11.4 hereof, the Company shall cease to be such and the Liquidator shall execute, acknowledge and cause to be filed all certificates necessary to terminate the Company.

11.4 *Distributions Upon Dissolution*.

(a) The Liquidator shall, as soon as practicable, close the affairs of the Company and sell or distribute the assets of the Company. The assets of the Company shall be applied, to the extent permitted by the Act, in the following order of priority:

(i) First, to pay the costs and expenses of the closing of the affairs and liquidation of the Company;

(ii) Second, to pay the debts and liabilities of the Company;

(iii) Third, to establish reserves adequate to meet any and all contingent or unforeseen liabilities or obligations of the Company, provided that at the expiration of such period of time as the Liquidator may deem advisable, the balance of such re-

serves remaining after the payment of such contingencies or liabilities shall be distributed as hereinafter provided; and

(iv) Finally, to all Members in accordance with their positive Capital Account balances, after giving effect to all contributions, distributions and allocations for all periods.

(b) If upon termination and liquidation of the Company, the Liquidator determines that (i) an immediate sale of part or all of the assets of the Company would cause undue loss to the Members, and (ii) the assets of the Company would be readily susceptible to division for distribution in kind to the Members, then to that extent the Liquidator may distribute such assets to the Members in kind. For such purposes, the assets of the Company shall be valued at fair market value at the time of distribution to be determined by an independent appraiser selected in good faith by the Liquidator.

11.5 *Orderly Liquidation*. A reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities so as to minimize the losses normally attendant upon a liquidation.

11.6 *Deficit Upon Liquidation*. Except to the extent otherwise provided in this Agreement or by law with respect to third-party creditors of the Company, upon liquidation, none of the Members shall be liable to the Company for any deficit in its Capital Account, nor shall such deficits be deemed assets of the Company.

ARTICLE 12
Indemnification

12.1 *Indemnity*. The Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such Person is or was a Member, an employee or an agent of the Company, against expenses, including attorneys' fees, judgment, fines and amounts paid in settlement actually and reasonably incurred by such Person in connection with the action, suit or proceeding if such Person acted in good faith

and in a manner which such Person reasonably believed to be in or not opposed to the best interests of this Company, and, with respect to a criminal action or proceeding, had no reasonable cause to believe its conduct was unlawful; provided that such indemnity shall not be mandatory for any Person seeking indemnity in connection with a proceeding voluntarily initiated by such Person unless such proceeding was authorized by the Managing Member. No Member shall be indemnified with respect to actions between Members or their Affiliates.

12.2 *Advance Payment of Expenses*. The expenses of Members incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the Member to repay the amount if it is ultimately determined by a court of competent jurisdiction that such Member is not entitled to be indemnified by the Company. The provisions of this subsection do not affect any rights to advancement of expenses to which personnel other than Members may be entitled under any contract or otherwise by law.

12.3 *Other Arrangements Not Excluded*. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this Article 12:

(a) Does not exclude any other rights to which a Person seeking indemnification or advancement of expenses may be entitled under the Articles of Organization or any agreement, vote of Members or otherwise, for either an action in any such Person's official capacity or an action in another capacity while holding such Person's office, except that indemnification, unless ordered by a court, shall not be made to or on behalf of any Member if a final adjudication established that such Member's acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and was material to the cause of action; and

(b) Continues for a Person who has ceased to be a Member, employee or agent and inures to the benefit of the heirs, executors and administrators of such a Person.

ARTICLE 13
Amendment to Agreement

Amendments to this Agreement may be made by the Managing Member, provided, however, that any amendment affecting the Approval Terms or the Economic Terms of this Agreement shall be approved in writing by a Majority of the Members. An amendment shall become effective as of the date specified in the Members' approval or, if none is required or specified, as of the date of such approval or as otherwise provided in the Act. Notwithstanding anything contained herein to the contrary, this Agreement may not be amended in any manner that is inconsistent with Order No. 2000 or any other applicable requirements of such rules and orders as the FERC may now or hereafter issue regarding RTOs. A public, informational copy of each amendment to this Agreement shall be filed with the FERC on or before thirty (30) days prior to the effectiveness of such amendment together with a certificate duly executed on behalf of the Company certifying that such amendment is in compliance with Order No. 2000 and all other applicable requirements of such rules and orders as the FERC may now or hereafter issue regarding RTOs.

ARTICLE 14
General Provisions

14.1 *Other Activities*. A Member may engage or invest in, and devote its time to, any other business venture or activities of any nature and description (independently or with others) and shall have no duties or liabilities under this Agreement to any other Member or other Person for engaging in such activities or pursuing such opportunities.

14.2 *Nondisclosure; Publicity*. The Members shall not, at any time directly or through others, use, disclose, publish or otherwise disseminate any and all confidential information of the Company or that of the Members discovered, developed or known by the Members as a consequence of their respective ownership of, employment by or relationship with the Company, including information entrusted to the Company by others, and any proprietary rights, inventions or tangible unpatented proprietary rights of the Company, except that a Member may disclose information to an Affiliate provided that such Affiliate agrees to be bound by the provisions of this Section 14.2, and except as required for any Member's financing,

banking or other credit relationships or for any Member's compliance with the securities laws or other applicable laws.

14.3 *Notices*. Unless otherwise specifically provided in this Agreement, all notices and other communications required or permitted to be given hereunder shall be in writing and shall be (i) delivered by hand, (ii) delivered by a nationally recognized commercial overnight delivery service, (iii) mailed postage prepaid by certified mail in any such case directed or addressed to the respective addresses set forth in Schedule A attached hereto (iv) transmitted by facsimile to the facsimile number set forth in Schedule A attached hereto, with receipt confirmed. Such notices shall be effective: (a) in the case of hand deliveries, when received; (b) in the case of an overnight delivery service, on the next business day after being placed in the possession of such delivery service, with delivery charges prepaid; (c) in the case of certified mail, upon receipt of the written signature card indicating acceptance by addressee; and (d) in the case of facsimile notices, the Business Day following the date on which electronic indication of receipt is received. Any Member may change its address and facsimile number by written notice to the other parties given in accordance with this Section 14.3, following the effectiveness of which notice Schedule A attached hereto shall be updated accordingly.

14.4 *Entire Agreement, etc.* This Agreement [and those agreements listed on Schedule C attached hereto] shall constitute the entire agreement between the parties hereto relating to the operations of the Company and shall supersede all prior contracts, agreements and understandings between them relating to such operations.

14.5 *Construction Principles*. As used in this Agreement, words in any gender shall be deemed to include all other genders. The singular shall be deemed to include the plural and vice versa. The captions and article and section headings in this Agreement are inserted for convenience of reference only and are not intended to have significance for the interpretation of or construction of the provisions of this Agreement.

14.6 *Counterparts*. This Agreement may be executed in two or more counterparts by the parties hereto, each of which when so executed will be an original, but all of which together will constitute one and the same instrument.

14.7 *Severability*. If any provision of this Agreement is held to be invalid or unenforceable for any reason, such provision shall be ineffective to the extent of such invalidity or unenforceability; *provided, however*, that the remaining provisions will continue in full force without being impaired or invalidated in any way unless such invalid or unenforceable provision or clause shall be so significant as to materially affect the parties' expectations regarding this Agreement. Otherwise, the parties hereto agree to replace any invalid or unenforceable provision with a valid provision which most closely approximates the intent and economic effect of the invalid or unenforceable provision.

14.8 *Binding Effect*. Subject to the provisions of this Agreement relating to transferability, this Agreement shall be binding upon, and inure to the benefit of, the Members and their respective successors and permitted assigns.

14.9 *Additional Documents and Acts*. Each Member agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and of the transactions contemplated hereby.

14.10 *No Third Party Beneficiary*. This Agreement is made solely for the benefit of the parties hereto and their successors and permitted assigns and no other Person shall have any contractual rights, interest, or claims hereunder or otherwise be entitled to enforce in contract any benefits under or on account of this Agreement as a third party beneficiary.

14.11 *Waiver of Partition*. Each of the Members hereby irrevocably waives any and all rights that such Member may have to maintain any action for partition of any of the Company's property.

14.12 *Governing Law*. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without giving effect to the principles of conflicts of law.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement as of the date first written above.

GF INC.

By:_____
Name:
Title:

FLORIDA POWER & LIGHT COMPANY

By:_____
Name:
Title:

[OTHER]

By:_____
Name:
Title:

(272801)

SCHEDULE A

Member's Name	Address and Facsimile	Percentage Interest
GF Inc.	[To Come]	[To Come]
Florida Power & Light Company	[To Come]	[To Come]
[Other]	[To Come]	[To Come]

SCHEDULE B

Member's Name	**Assets Contributed as Initial Capital Contribution & Their Agreed Value**
GF Inc.	[To Come]
Florida Power & Light Company	[To Come]
[Other]	[To Come]

SCHEDULE C

OTHER AGREEMENTS

[Member and Shareholder Agreement]

[Insert other relevant agreements between the Members]

---------- COMPARISON OF FOOTNOTES ----------

-FOOTNOTE 1-
The actual party to the agreement may be FPL or one of its affiliates, depending on which entity then holds the transmission assets being contributed to the Company.

-FOOTNOTE 2-
FPL intends to contribute (or cause an affiliate to contribute) its transmission assets to the Company at the Net Book Value of such assets determined pursuant to the terms of this Agreement.

GRIDFLORIDA LLC INFORMATION POLICY

1.0 Purpose and Intent

The purpose of this Information Policy is to establish the procedures through which GridFlorida LLC ("GridFlorida") will make available to Market Participants certain categories of information about GridFlorida planning and operations, and the electricity markets that GridFlorida serves. This Policy creates no obligation on GridFlorida to procure information or to prepare studies, but rather requires GridFlorida to make available to a Market Participant specific categories of information if such information is in GridFlorida's possession. For the purposes of this Information Policy, GridFlorida includes GridFlorida's employees, agents, and Committees as well as employees or agents of GF Inc. when acting as agents of GridFlorida.

This Information Policy is intended to comport with the obligation of GridFlorida to comply fully with federal and state antitrust laws and the information access and disclosure provisions of the Standards of Conduct promulgated by the Federal Energy Regulatory Commission in 18 C.F.R. § 37.4 or successor regulations. Nothing in this Information Policy is intended to require GridFlorida to violate any legal or contractual duty to limit the disclosure of information.

2.0 Information Classification

All information in the possession of GridFlorida will be classified into two broad categories, Public Information and Non-Public Information. Public Information is further classified into two distinct subcategories, Open Public Information and Available Public Information.

2.1 Public Information

Public Information includes all data, documents, or other information described as Open Public Information in Section 2.1.1 or as Available Public Information in Section 2.1.2, provided, however, that no information shall be considered Public Information, Open Public Information, or Available Public Information, if (a) GridFlorida is under a legal or contractual obligation to protect it from disclosure, or (b) such information constitutes trade secrets or privileged material which is entitled to protection in proceedings before a court or regulatory agency of competent jurisdiction.

2.1.1 Open Public Information

GridFlorida will post all Open Public Information on its website. The following information will be treated as Open Public Information:

(a) All data, documents, or other information that is required to be posted on OASIS, consistent with the provisions of 18 C.F.R. §§ 37.6, 37.7, or successor regulations.

(b) All data, documents, or other information that GridFlorida is required by FERC, FPSC, or a court of competent jurisdiction to file or post publicly: *e.g.*, tariffs and rate schedules, FERC Form 715 filings. However, this disclosure obligation does not apply to regulatory filings made under seal or subject to confidentiality protections.

(c) Notice of regularly scheduled Board and Advisory Committee meetings.

(d) The following transmission system data, provided that it does not disclose the load pattern of individual ultimate consumers or load serving entities: TTC, ATC, CBM, and TRM; aggregated system load data (hour-by-hour for the previous 13 months); transmission facility ratings; transmission maintenance schedules; instantaneous flowgate flows; and internal interface limits. However, there will be a six-month lag in the disclosure of information that would reveal the real-time output of specific generators.

(e) Forecasts of (a) the aggregate load electrically located on the GridFlorida transmission system and (b) the aggregate load electrically located within congestion zones.

(f) Historic aggregate data on (a) the MW output of generation electrically located on the GridFlorida transmission system and (b) associated reserve margins.

(g) The following market information: hourly clearing prices in the markets administered by the RTO, intrazonal congestion costs, the parties owning Physical Transmission Rights ("PTRs"), and the extent of their ownership by flowgate.

(h) Bids, including bids or other offers or terms for selling or purchasing electricity that are submitted into electricity markets operated by GridFlorida will be opened to all market participants six months after the relevant market closes. However, this information will be made available only in a manner that does not allow for the identification of the specific load or generator, its owners, or the name of the entity making the bid, but allows the tracking of an individual bidder's bids over time without disclosing the specific identity of the bidder.

(i) Notice and description of actions taken by GridFlorida as security coordinator or as congestion manager. This information will include identification of service curtailments that result from such actions.

(j) Disclosure of each instance when an individual employed within the past twelve months by a Market Participant becomes employed by GridFlorida, or when an individual employed within the past twelve months by GridFlorida becomes employed by a Market Participant.

(k) Notice of approved educational tours of the GridFlorida coordination center.

(l) Notice that the Market Monitor has recommended an amendment to this Information Policy pursuant to section 2.3.1.

2.1.2 Available Public Information

GridFlorida will make Available Public Information available to Market Participants in a timely and nondiscriminatory manner upon receiving reimbursement for any costs that GridFlorida reasonably incurs to provide said information, including a reasonable allocation of employee costs based on the time devoted to the production of such information. The following information will be treated as Available Public Information:

(a) Plans of, or initiated by GridFlorida, for transmission facility upgrades or additions as well as the data and data analyses used to develop said plans.

(b) Data and data analyses used in developing (a) FERC Form 715 filings, and (b) calculations of TTC, ATC, CBM, or TRM, subject to the restrictions on early disclosure of non-aggregated data imposed by Order 889 and successor orders or regulations.

(c) Completed system impact studies or facility studies conducted in response to requests for transmission service or interconnection, whether conducted on behalf of the entity requesting the service or another entity.

(d) In the event that an affiliate of GridFlorida or GF Inc. is selected to satisfy a competitive procurement for goods or services, the identity of the goods or services procured and the bidders who participated in that process.

(e) Data and data analyses used by GridFlorida in making determinations to take action as security coordinator or as congestion manager, subject to a delay of thirty days, except that there will be a six month delay in reporting bids to purchase or sell electricity, and such information will be made available only in a manner that does not allow for the identification of the specific load or generator, its owners, or the name of the entity making the bid, but allows the tracking of an individual bidder's bids over time without disclosing the specific identity of the bidder.

(f) To the extent that any GridFlorida charges are based on a formulaic rate, information necessary to verify the correctness of the formulaic charge.

(g) Logs of exercises of discretion maintained pursuant to 18 C.F.R. 37.6(g)(4).

2.2 Non-Public Information

Non-Public Information includes all information that is not Public Information. This Information Policy neither creates an obligation on the part of GridFlorida to make Non-Public Information available to Market Participants, nor does it impose barriers to the disclosure of such information beyond what otherwise might exist under law or contract.

2.3 Market Monitor

2.3.1 Notwithstanding any other provision in this Information Policy:

(a) Any report, data, or other information classified as Public Information under this Information Policy will not be made public by GridFlorida if Market Monitor provides a written determination that dissemination of such information is detrimental to the efficient operation of the market and should be either (a) halted or (b) delayed beyond the applicable period set forth in this Information Policy. If GridFlorida receives such a written determination, it immediately will limit dissemination of the information in the manner recommended by the Market Monitor and will file with FERC an amendment to this Information Policy to conform it to the Market Monitor's recommendation, including any proposed re-classification of information from Public Information to Non-Public Information.

(b) If Market Monitor provides a written determination to GridFlorida that a failure to disseminate any report, data, or other information that is classified as Non-Public Information is detrimental to the efficient operation of the market and that such information should be re-classified as Public Information under this Information Policy, GridFlorida immediately will file with FERC an amendment to this Information Policy to conform it to the Market Monitor's recommendation. GridFlorida will request FERC to grant relief on an expedited basis if the Market Monitor's written determination provides for such a request. GridFlorida will not treat such information as

Public Information until a FERC determination granting the requested relief.

2.3.2 Nothing in this Information Policy shall be construed to limit Market Monitor's ability to recommend to GridFlorida that information be re-classified from Available Public Information to Open Public Information or from Open Public Information to Available Public Information.

2.3.3 The Transmission Provider shall provide to the Market Monitor any information authorized by the Commission to be collected by the Market Monitor. Prior to the Commission issuing such an authorization, the Transmission Provider shall be obligated to provide the Market Monitor with information in its possession regarding the markets that the Transmission Provider monitors, transmission service provided by the Transmission Provider, and the operations of the Transmission Provider's Transmission System, provided that the Transmission Provider shall not be obligated to provide the Transmission Owner's own commercial information or business plans prior to authorization of such a request by the Commission. Confidential information submitted by the Transmission Provider to the Market Monitor will be subject to appropriate confidentiality limitations.

3.0 Dispute Resolution

Any disputes arising under this Information Policy shall be resolved in accordance with the same procedures provided in the Dispute Resolution Procedures contained in the GridFlorida OATT.

4.0 Amendment

Changes to this Information Policy will require a Federal Power Act § 205 or § 206 filing. GridFlorida will have the right to make such a § 205 policy change filing unilaterally, and Market Participants will retain the right to file a unilateral § 206 complaint seeking a policy change. However, parties will be required to submit proposed information policy changes to the Advisory Committee for comment (but not approval), unless circumstances reasonably require bypassing such submission. In the latter case, the filing party will provide notice of the filing to each Advisory Committee member, and will explain in its filing why the proposed policy change was not submitted to the Advisory Committee for comment.

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1.0 Purpose and Intent

The purpose of this Information Policy is to establish the procedures through which GridFlorida LLC ("GridFlorida") will make available to Market Participants certain categories of information about GridFlorida planning and operations, and the electricity markets that GridFlorida serves. This Policy creates no obligation on GridFlorida to procure information or to prepare studies, but rather requires GridFlorida to make available to a Market Participant specific categories of information if such information is in GridFlorida's possession. For the purposes of this Information Policy, GridFlorida includes GridFlorida's employees, agents, and Committees as well as employees or agents of GF Inc. when acting as agents of GridFlorida.

This Information Policy is intended to comport with the obligation of GridFlorida to comply fully with federal and state antitrust laws and the information access and disclosure provisions of the Standards of Conduct promulgated by the Federal Energy Regulatory Commission in 18 C.F.R. § 37.4 or successor regulations. Nothing in this Information Policy is intended to require GridFlorida to violate any legal or contractual duty to limit the disclosure of information.

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(b) All data, documents, or other information that GridFlorida is required by FERC, FPSC, or a court of competent jurisdiction to file or post publicly: *e.g.*, tariffs and rate schedules, FERC Form 715 filings. However, this disclosure obligation does not apply to regulatory filings made under seal or subject to confidentiality protections.

(c) Notice of regularly scheduled Board and Advisory Committee meetings.

(d) The following transmission system data, provided that it does not disclose the load pattern of individual ultimate consumers or load serving entities: TTC, ATC, CBM, and TRM; aggregated system load data (hour-by-hour for the previous 13 months); transmission facility ratings; transmission maintenance schedules; instantaneous flowgate flows; and internal interface limits. However, there will be a six-month lag in the disclosure of information that would reveal the real-time output of specific generators.

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(f) Historic aggregate data on (a) the MW output of generation electrically located on the GridFlorida transmission system and (b) associated reserve margins.

(g) The following market information: hourly clearing prices in the markets administered by the RTO, intrazonal congestion costs, the parties owning Physical Transmission Rights ("PTRs"), and the extent of their ownership by flowgate.

(h) Bids, including bids or other offers or terms for selling or purchasing electricity that are submitted into electricity markets operated by GridFlorida will be opened to all market participants six months after the relevant market closes. However, this information will be made available only in a manner that does not allow for the identification of the specific load or generator, its owners, or the name of the entity making the bid, but allows the tracking of an individual bidder's bids over time without disclosing the specific identity of the bidder.

(i) Notice and description of actions taken by GridFlorida as security coordinator or as congestion manager. This information will include identification of service curtailments that result from such actions.

(j) Disclosure of each instance when an individual employed within the past twelve months by a Market Participant becomes employed by GridFlorida, or when an individual employed within the past twelve months by GridFlorida becomes employed by a Market Participant.

(k) Notice of approved educational tours of the GridFlorida coordination center.

(l) Notice that the Market Monitor has recommended an amendment to this Information Policy pursuant to section ~~2.1.3~~ 2.3.1.

2.1.2 Available Public Information

GridFlorida will make Available Public Information available to Market Participants in a timely and nondiscriminatory manner upon receiving reimbursement for any costs that GridFlorida reasonably incurs to provide said information, including a reasonable allocation of employee costs based on the time devoted to the production of such information. The following information will be treated as Available Public Information:

(a) Plans of, or initiated by GridFlorida, for transmission facility upgrades or additions as well as the data and data analyses used to develop said plans.

(b) Data and data analyses used in developing (a) FERC Form 715 filings, and (b) calculations of TTC, ATC, CBM, or TRM, subject to the restrictions on early disclosure of non-aggregated data imposed by Order 889 and successor orders or regulations.

(c) Completed system impact studies or facility studies conducted in response to requests for transmission service or interconnection, whether conducted on behalf of the entity requesting the service or another entity.

(d) In the event that an affiliate of GridFlorida or GF Inc. is selected to satisfy a competitive procurement for goods or services, the identity of the goods or services procured and the bidders who participated in that process.

(e) Data and data analyses used by GridFlorida in making determinations to take action as security coordinator or as congestion manager, subject to a delay of thirty days, except that there will be a six month delay in reporting bids to purchase or sell electricity, and such information will be made available only in a manner that does not allow for the identification of the specific load or generator, its owners, or the name of the entity making the bid, but allows the tracking of an individual bidder's bids over time without disclosing the specific identity of the bidder.

(f) To the extent that any GridFlorida charges are based on a formulaic rate, information necessary to verify the correctness of the formulaic charge.

(g) Logs of exercises of discretion maintained pursuant to 18 C.F.R. 37.6(g)(4).

2.2 Non-Public Information

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2.3 Market Monitor

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(b) If Market Monitor provides a written determination to GridFlorida that a failure to disseminate any report, data, or other information that is classified as Non-Public Information is detrimental to the efficient operation of the market and that such information should be re-classified as Public Information under this Information Policy, GridFlorida immediately will file with FERC an amendment to this Information Policy to conform it to the Market Monitor's recommendation. GridFlorida will request FERC to grant relief on an expedited basis if the Market Monitor's written determination provides for such a request. GridFlorida will not treat such information as

Public Information until a FERC determination granting the requested relief.

2.3.2 Nothing in this Information Policy shall be construed to limit Market Monitor's ability to recommend to GridFlorida that information be re-classified from Available Public Information to Open Public Information or from Open Public Information to Available Public Information.

2.3.3 The Transmission Provider shall provide to the Market Monitor any information authorized by the Commission to be collected by the Market Monitor. Prior to the Commission issuing such an authorization, the Transmission Provider shall be obligated to provide the Market Monitor with information in its possession regarding the markets that the Transmission Provider monitors, transmission service provided by the Transmission Provider, and the operations of the Transmission Provider's Transmission System, provided that the Transmission Provider shall not be obligated to provide the Transmission Owner's own commercial information or business plans prior to authorization of such a request by the Commission. Confidential information submitted by the Transmission Provider to the Market Monitor will be subject to appropriate confidentiality limitations.

3.0 Dispute Resolution

Any disputes arising under this Information Policy shall be resolved in accordance with the same procedures provided in the Dispute Resolution Procedures contained in the GridFlorida OATT.

4.0 Amendment

Changes to this Information Policy will require a Federal Power Act § 205 or § 206 filing. GridFlorida will have the right to make such a § 205 policy change filing unilaterally, and Market Participants will retain the right to file a unilateral § 206 complaint seeking a policy change. However, parties will be required to submit proposed information policy changes to the Advisory Committee for comment (but not approval), unless circumstances reasonably require bypassing such submission. In the latter case, the filing party will provide notice of the filing to each Advisory Committee member, and will explain in its filing why the proposed policy change was not submitted to the Advisory Committee for comment.

---------- COMPARISON OF FOOTERS ----------

-FOOTER 1-

Footer Discontinued

-FOOTER 2-

Footer Discontinued

[MARKETING MONITORING CORPORATION]

Market Monitoring Tariff

1 Introduction

1.1 The objectives of this Market Monitoring Tariff ("Monitoring Tariff") are to (i) provide the means to monitor the markets served by or administered by the Transmission Provider under its transmission tariff, (ii) ensure the development and reporting of objective information concerning the structure and operation of those markets, (iii) provide a vehicle for proposing appropriate action regarding any opportunities for efficiency improvement, market design flaws, market rule violations, and market power identified by that information, and (iv) ensure that the monitoring program is conducted in a manner that is independent, objective and consistent with safe and reliable operations of the Transmission System, and that minimizes interference with open and competitive markets.

1.2 The Market Monitor will carry out the objectives and duties of this Monitoring Tariff in accordance with existing policies of the board of directors of Market Monitoring Corporation.

2 Definitions

Capitalized terms shall have the meanings given below.

2.1 **Advisory Committee**: The committee established to advise the management and board of directors of Managing Member on matters of concern to the committee.

2.2 **Authorized Government Agencies**: "Authorized Government Agencies" has the meaning set forth in Section 3.2.3 hereto.

2.3 **Commission**: The Federal Energy Regulatory Commission.

2.4 **Divesting Owner**: A transmission owner that has divested ownership of its transmission facilities to the Transmission Provider.

2.5 **Immediate Family**: The "Immediate Family" of a person shall mean such person's spouse and dependent children.

2.6 **Managing Member:** GF Inc., a Florida corporation.

2.7 **Market Monitor:** The President of the Market Monitoring Corporation.

2.8 **Market Monitoring Corporation**: The non-profit corporation established to carry out the functions specified under this Monitoring Tariff.

2.9 **Market Participant**: "Market Participant" has the same meaning as in 18 C.F.R § 35.34(b)(2), or any successor regulation thereto, and for purposes of this Tariff such term shall also include GridFlorida LLC.

2.10 **Participating Owner**: Participating Owner shall have the same meaning provided for such term in the Participating Owners Management Agreement between the Transmission Provider and certain owners of transmission facilities.

2.11 **Person**: Any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, governmental entity or any department or agency thereof.

2.12 **Transmission Provider**: GridFlorida LLC, a Florida limited liability company.

2.13 **Transmission System**: The transmission facilities owned or operated by the Transmission Provider.

3 Role and Authorities of the Market Monitor and the Market Monitoring Corporation

3.1 Monitoring

3.1.1 The Market Monitor will monitor, investigate, and report on the markets served by or administered by the Transmission Provider under its transmission tariff to ensure that they are open, fair, competitive, efficient, do not create uneconomic incentives, and comply with the tariff and other Transmission Provider agreements and protocols. This authority includes the authority to monitor, investigate, and report on activities that affect such markets, such as actions affecting flows between the Transmission

System and other entities or regions. This authority also includes the authority to monitor, investigate, and report on the activities of the Transmission Provider as it relates to such markets, for example, as it relates to the Transmission Provider's performance of congestion management.

3.1.2 The Market Monitor will examine:

a. The structure and operation of the markets;

b. Compliance with market rules by Market Participants and the Transmission Provider;

c. Competitive practices of individual Market Participants, the Transmission Provider, and the market as a whole; and

d. Market power and market power abuses.

3.2 Reports and Recommendations

3.2.1 The Market Monitor will submit regular reports to the Transmission Provider, the board of directors of the Managing Member, the Commission, and the Advisory Committee on the state of markets.

3.2.2 The Market Monitor may make recommendations to the Transmission Provider, and shall notify the Advisory Committee of such recommendations, regarding changes to the Transmission Provider's transmission tariff, agreements, protocols, policies, and practices to correct problems that are identified through the monitoring provided for in this Monitoring Tariff.

3.2.3 The Market Monitor will have the authority to submit market performance reports and recommendations to the Commission and State regulatory agencies, and, if appropriate or required, other state and federal agencies (collectively referred to herein as "Authorized Government Agencies"). This authority includes the authority to recommend changes to the Transmission Provider's transmission tariff, agreements and protocols. The Market Monitor will be obligated to file any reports requested by the Commission or the Florida Public Service Commission.

3.3 Information Gathering

3.3.1 The Market Monitor may submit a list of data types for Commission approval that Market Participants and the Transmission Provider must provide when requested by the Market Monitor. Prior to the Commission ruling on the Market Monitor's request, the Transmission Provider shall be obligated to provide the Market Monitor with information in its possession regarding the markets that the Transmission Provider monitors, transmission service provided by the Transmission Provider, and the operations of the Transmission Provider's Transmission System, provided that the Transmission Provider shall not be obligated to provide the Transmission Owner's own commercial information or business plans prior to approval of such a request by the Commission. The Market Participants and the Transmission Provider are not required by this Monitoring Tariff to submit any other information requested by the Market Monitor, provided that nothing in this Section 3.3.1 shall prohibit the Market Monitor from seeking authorization from any appropriate tribunal to obtain additional information.

3.3.2 Confidential information submitted by Market Participants or the Transmission Provider to the Market Monitor will be subject to appropriate confidentiality limitations.

3.4 Market Power Abuses and Violations of Market Rules

3.4.1 The Market Monitor will have the authority to investigate potential market design flaws, potential exercises of market power, potential violations of market rules or other types of anticompetitive behavior.

3.4.2 The Market Monitor can seek to impose mitigation measures only (i) to remedy conduct that is inconsistent with competitive conduct and is economically significant or (ii) to mitigate the market effects of a rule, standard, or procedure that allows a Market Participant to impair efficient operation of electric markets.

3.4.3 The Market Monitor may request, and Market Participants and the Transmission Provider shall provide, an explanation or justification regarding specific behavior that the Market Monitor considers may reflect the exercise of market power, may be in violation of market rules, or may otherwise be anticompetitive. The Market Monitor may conduct further investigations of such specific behavior if it determines that the explanation or justification is inadequate. The Market Monitor and, as applicable, Market Participants and/or the Transmission Provider may engage in negotiations in an effort to resolve the situation to the satisfaction of the relevant parties. The Market Monitor will provide the Market Participant(s) and/or the Transmission Provider, as applicable, sufficient information required to allow the Market Participant(s) and/or the Transmission Provider reasonably to understand the basis for the Market Monitor's belief that an action may reflect the exercise of market power, be in violation of market rules, or otherwise be anticompetitive.

3.4.4 Through demand letter, the Market Monitor may request a Market Participant or the Transmission Provider to discontinue specific actions that the Market Monitor believes to be an exercise of market power, a violation of market rules, or otherwise anticompetitive. The Market Monitor will provide the Market Participant(s) and/or the Transmission Provider, as applicable, sufficient information required to allow the Market Participant(s) and/or the Transmission Provider reasonably to understand the basis for the Market Monitor's belief that an action may reflect the exercise of market power, be in violation of market rules, or otherwise be anticompetitive.

3.4.5 If unable to achieve sufficient corrective action through informal discussions or demand letter, the Market Monitor may submit a complaint regarding specific violations of market rules, exercises of market power, or otherwise anticompetitive behavior directly to the Commission (and, as appropriate, to other Authorized Government Agencies, to the extent

relevant) requesting such mitigation measures or other relief as the Market Monitor considers appropriate. The filing must identify the particular conduct and justify the specific mitigation measures as a remedy for the conduct.

3.4.6 In addition to responses related to specific actions by Market Participants and the Transmission Provider, the Market Monitor may consider and evaluate a broad range of enforcement mechanisms that may be necessary to assure compliance with market rules, and to prevent or remedy the exercise of market power or other anticompetitive behavior. As part of this evaluation process, the Market Monitor may consult with Authorized Government Agencies, the Transmission Provider, and the Advisory Committee. To the extent the Market Monitor concludes that additional enforcement mechanisms are necessary, it may seek Commission approval of such mechanisms, identifying the particular conduct and justifying the specific mitigation measures proposed as a remedy for the conduct. If the Commission approves the proposed mitigation measures, the Market Monitor shall be authorized to impose the mitigation measures against a Market Participant on a prospective basis consistent with the terms and conditions approved by the Commission. The Market Monitor shall not apply such measures retroactive to the date that the Market Monitor takes such action against the Market Participant. Notwithstanding the foregoing sentence, the Market Monitor may seek authorization from the Commission to remedy past conduct that violated market rules that existed at the time of the conduct, to restore, to the extent practicable, the outcome that would have occurred had there been compliance with the market rules, provided that Market Monitor will not seek authority to remedy conduct that occurred prior to the date the Commission grants Market Monitor such authority. Market Monitor's proposal will include an obligation to provide the affected Market Participant(s) and/or the Transmission Provider sufficient information required to permit the Market Participant(s) and/or the Transmission Provider to understand the basis for the Market Monitor utilizing its mitigation measures.

3.5 Nothing herein shall restrict the monitoring or enforcement rights that Market Participants may otherwise possess. Nothing herein shall restrict a Market Participant's ability to request meetings with the Market Monitor or otherwise to seek to communicate with the Market Monitor.

4 Liability

4.1 Market Monitoring Corporation, and its directors, officers, employees, and agents, including the Market Monitor, shall not be liable to any person or entity for any matter, act or omission described in or contemplated by this Monitoring Tariff, as the same may be amended or supplemented from time to time, including opportunity cost, or actual, direct, indirect or consequential damages of any kind resulting from or attributable to any act or omission of the Market Monitoring Corporation or Market Monitor under this Monitoring Tariff.

4.2 The Transmission Provider, Managing Member, Divesting Owners, and Participating Owners, and any director, office, employee, or agent thereof, shall not be held responsible for any liability that Market Monitoring Corporation, and its directors, officers, employees, and agents, including the Market Monitor, may have in respect of any matter described in or contemplated by this Monitoring Tariff, as may be amended or supplemented from time-to-time, including opportunity cost, or actual, direct, indirect or consequential damages of any kind, and shall not be liable for any act or omission described in or contemplated by this Monitoring Tariff except as otherwise specifically provided in this Monitoring Tariff.

5 Dispute Resolution

Upon the mutual agreement of the Market Monitor and any other affected Person, disputes under this Monitoring Tariff may be resolved under the dispute resolution procedures provided for in the Transmission Provider's transmission tariff.

6 Budget and Funding

6.1 The board of Market Monitoring Corporation will develop a proposed annual budget and provide its proposed budget to Managing Member, the Advisory Committee, and the Florida Public Service Commission at least 60 days prior to the date a filing will be made with the Commission to recover the costs included in the budget.

6.2 Thirty days after providing its proposed budget to Managing Member, the Advisory Committee, and the Florida Public Service Commission, the board of

Market Monitoring Corporation will meet with one representative of Managing Member, one representative of the Advisory Committee, and one representative of the Florida Public Service Commission to discuss the proposed budget and to respond to suggested changes by Managing Member, the Advisory Committee, and the Florida Public Service Commission. The board of Market Monitoring Corporation will not be obligated to make any changes proposed by Managing Member, the Advisory Committee, or the Florida Public Service Commission. However, the board will have the Transmission Provider post on the Transmission Provider's OASIS the board's proposed budget after consideration of the positions expressed by the Managing Member, the Advisory Committee, and the Florida Public Service Commission, and any comments or suggestions provided by the Managing Member, the Advisory Committee, or the Florida Public Service Commission that were not adopted by the board in such proposed budget. The board will submit such budget to the Commission for its review and comment. After completion of the review process, the board will approve and have the Transmission Provider publish on the Transmission Provider's OASIS its final budget, as approved.

6.3 Market Monitoring Corporation will be responsible for obtaining Commission approval of its budget. All parties, including the Transmission Provider, will have a right to challenge the proposed budget at the Commission.

6.4 The Transmission Provider will recover the costs included in Market Monitoring Corporation's budget through the Transmission Provider's grid management charge.

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---------- COMPARISON OF HEADERS ----------

-HEADER 1-
[Market Monitoring Corporation] 1
FERC Electric Tariff

-HEADER 2-
Original Sheet No.

---------- COMPARISON OF FOOTERS ----------

-FOOTER 1-
~~Footer Discontinued~~ 311709.09-D.C. Server 1A Draft May 21, 2001 - 10:29 am

-FOOTER 2-
Issued by: [insert] Effective Date: [insert]
Issued on: [insert]

PARTICIPATING OWNERS MANAGEMENT AGREEMENT

This Participating Owners Management Agreement (hereinafter "Agreement") is entered into by and among the undersigned Participating Owners ("POs") and GridFlorida, a for-profit transmission company (collectively referred to as "Parties" and individually referred to as a "Party").

WHEREAS, pursuant to FERC Order No. 2000, a number of Transmission Owners ("TOs") in the state of Florida have decided to create GridFlorida, which will be the Regional Transmission Organization ("RTO") for peninsular Florida; and

WHEREAS, certain TOs have decided that they will (1) divest transmission facilities to GridFlorida or (2) transfer Operational Control over transmission facilities to GridFlorida, and this Agreement shall regulate the respective rights and obligations of GridFlorida and those parties that will transfer Operational Control over their transmission facilities to GridFlorida ("Participating Owners" or "POs"); and

WHEREAS, GridFlorida will exercise Operational Control over the Controlled Facilities; and

WHEREAS, GridFlorida will offer non-discriminatory open access transmission services over the Controlled Facilities; and

WHEREAS, the integrity and reliability of the Controlled Facilities must be maintained by GridFlorida; and

WHEREAS, among the objectives of GridFlorida is the receipt of adequate revenues to provide for the operation and maintenance of the Controlled Facilities, and to enable GridFlorida and the POs to earn a reasonable rate of return on and to recover the capital invested in the Controlled Facilities, and the operation of the Controlled Facilities in a manner that promotes such objectives; and

WHEREAS, the Parties have fiduciary obligations to their investors or members to protect their transmission facilities and to protect their investors or members from liability that may result from the operation of those facilities, and GridFlorida must operate in a manner so as to allow the POs to fulfill these obligations; and

WHEREAS, the Parties have obligations to provide safe and reliable service to the public, and GridFlorida must operate in a manner so as to allow the POs to fulfill these obligations;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the Parties do hereby agree with each other, for themselves and their successors and assigns, as follows:

1 PURPOSES OF THE AGREEMENT

The purposes of this Agreement, which are material to this Agreement, among other things, are to:

1.1.1. Transfer Operational Control over the PO's transmission facilities to GridFlorida;

1.1.2. Provide for full recovery through GridFlorida rate schedules under a FERC-approved OATT of the transmission revenue requirement of each PO and any other charges established in accordance with GridFlorida OATT;

1.1.3. Distribute the revenues from the collection of GridFlorida charges to the POs in accordance with this Agreement and the GridFlorida OATT;

1.1.4. Carry out the provisions concerning transitional arrangements set forth in the GridFlorida OATT, as applicable, with regard to Existing Transmission Agreements;

1.1.5. Carry out the provisions of this Agreement related to liability, indemnification and insurance;

1.1.6. Carry out the provisions of this Agreement regarding the prohibition against modification of the GridFlorida OATT to require, directly or indirectly, either wheeling to end users (except as authorized by the FPSC or another entity with jurisdiction) or a sham wholesale transaction (as defined in FPA Section 212 (h)).

2 DEFINITIONS

2.1 Agency Agreement
Means an agreement between GridFlorida and a Participating Owner whereby GridFlorida acts as the agent for the Participating Owner to arrange for delivery of power for Eligible Customers under the GridFlorida OATT, over PO facilities that are not Controlled Facilities.

2.2 Agreement
Means this Participating Owners Management Agreement.

2.3 Ancillary Services
Has the same meaning as the definition of Ancillary Services contained in

the GridFlorida OATT, as such definition may be amended from time to time.

2.4 Code Of Conduct
Means the GridFlorida Code of Conduct as the same may be amended from time to time.

2.5 Controlled Facility Or Controlled Facilities
Means the electric transmission facility or facilities owned or leased by GridFlorida or facilities owned or leased by a PO and over which Operational Control has been transferred to GridFlorida pursuant to this Agreement. A list of Controlled Facilities for each PO is found at Exhibits A – [ ] attached hereto.

2.6 Dispute Resolution Procedures
Means the Dispute Resolution Procedures provided for in the GridFlorida OATT, as such procedures may be amended from time to time.

2.7 Effective Date
Means the date that this Agreement becomes effective, as determined in accordance with Section 5 of this Agreement.

2.8 Eligible Customer
Has the same meaning as the definition of Eligible Customer contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.9 Emergency
Has the same meaning as provided in Section 7.9 of this Agreement.

2.10 Existing Transmission Agreements
Has the same meaning as the definition of Existing Transmission Agreements contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.11 Federal Power Act Or FPA
Means the statute codified at 16 USC §§ 791a et seq., as the same may be amended from time to time.

2.12 FERC
Means the Federal Energy Regulatory Commission and any successor entity.

2.13 FPSC
Means the Florida Public Service Commission and any successor entity.

2.14 FRCC
Has the same meaning as the definition of FRCC contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.15 Good Utility Practice
Has the same meaning as the definition of Good Utility Practice contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.16 GridFlorida
Means the independent transmission company that serves as the Regional Transmission Organization within the FRCC, and any successor entity.

2.17 GridFlorida OATT
Means the FERC-approved Open Access Transmission Tariff applicable to the provision of transmission service by GridFlorida, as the same may be amended from time to time.

2.18 Information Policy
Means the document that establishes the rules and guidelines regarding the disclosure of information in connection with the operation of or participation in GridFlorida, as the same may be amended from time to time.

2.19 Market Participant
Has the same meaning as the definition of Market Participant contained in Section 35.34 of the Commission's regulations (18 CFR § 35.34) as such definition may be amended from time to time.

2.20 NERC
Means the North American Electric Reliability Council and any successor entity.

2.21 Network Operating Agreement
Has the same meaning as the definition of Network Operating Agreement contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.22 NRC
Means the Nuclear Regulatory Commission and any successor entity.

2.23 Open Access Same-Time Information System Or OASIS
Has the same meaning as the definition of Open Access Same-Time Information System or OASIS contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.24 Operating Protocol
Means the GridFlorida Operating Protocol as amended from time to time.

2.25 Operational Control
Means the ability of GridFlorida to control the operation of the Controlled Facilities as provided for in this Agreement and in the Operating and Planning Protocols.

2.26 Planning Protocol
Means the GridFlorida Planning Protocol as amended from time to time.

2.27 Participating Owner Or PO
Means Transmission Owners that have placed transmission facilities under the Operational Control of GridFlorida by entering into this Agreement.

2.28 Regional Transmission Organization Or RTO
Has the same meaning as the definition of Regional Transmission Organization contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.29 Service Agreement
Means the initial agreement and any amendments or supplements thereto entered into by a Transmission Customer and GridFlorida for transmission service under the GridFlorida OATT.

2.30 Transmission Customer
Has the same meaning as the definition of Transmission Customer contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.31 Transmission Owner Or TO
Means any entity owning transmission facilities within the FRCC area.

2.32 Withdrawal
Has the same meaning as provided in Section 9 of this Agreement.

3 TRANSFER OF OPERATIONAL CONTROL

Upon the Effective Date, each undersigned PO shall transfer Operational Control over the Controlled Facilities to GridFlorida. The rights and obligations of GridFlorida resulting from such transfer and the retained rights and obligations of the PO after such transfer are specified in this Agreement.

4 TERM OF AGREEMENT

This Agreement shall become effective upon the Effective Date and shall

continue in effect for a term of 20 years and renew automatically on a year-to-year basis thereafter. An individual PO may terminate the Agreement with respect to itself by providing notice that it does not wish to renew the Agreement at least 12 months prior to the end of the term of the Agreement or the term of any renewal period. A PO may also terminate the Agreement with respect to itself by withdrawing pursuant to Section 9 of this Agreement. In either event, the provisions of Section 9 shall apply and certain rights and obligations of a PO shall survive withdrawal or termination as provided in Section 16.12 of this Agreement. This Agreement shall continue in effect for GridFlorida until all POs have elected not to renew or have withdrawn pursuant to Section 9 of this Agreement; provided, however, that certain rights and obligations of GridFlorida shall survive termination as provided in Section 16.13 of this Agreement.

5 EFFECTIVE DATE

This Agreement shall become effective after execution for the first time by GridFlorida and a PO or POs, and on such date certain provided in the first notice issued by GridFlorida to such PO or POs, certifying that each of the conditions precedent set forth in sections 5.1 though 5.5 of this Agreement, if jurisdictionally applicable, has been satisfied, and that GridFlorida will commence operations with respect to such PO or POs. This Agreement shall become effective with respect to a PO executing this Agreement after the Effective Date, upon the satisfaction of the conditions specified in Section 10, and shall continue in effect for the term specified in Section 4 of this Agreement, except in the event of Withdrawal.

5.1 FERC shall have issued an order authorizing this Agreement to become effective and approving the transfer of Operational Control over the POs' facilities to GridFlorida as contemplated by this Agreement;

5.2 FERC shall have issued an order authorizing the formation and operations of GridFlorida.

5.3 GridFlorida and each PO shall have executed, as necessary, Agency Agreements, and FERC shall have issued an order or orders allowing those Agency Agreements to go into effect.

5.4 GridFlorida shall have in place all means necessary to carry out its obligations under this Agreement, including but not limited to the necessary physical facilities, personnel, hardware and software, and completion of necessary testing and verification.

5.5 To the best of GridFlorida knowledge and belief, the POs shall have in place all means reasonably necessary to carry out their obligations under this Agreement including completion of necessary testing and verification.

6 RIGHTS AND OBLIGATIONS OF GridFlorida

6.1 Operational Control

GridFlorida shall exercise Operational Control over the Controlled Facilities. The rights and obligations of GridFlorida with respect to the exercise of Operational Control are described in more detail in this Agreement.

6.2 Provision Of Transmission Service

6.2.1 GridFlorida shall have the obligation and the sole authority to offer transmission service over the Controlled Facilities under this Agreement and shall also have authority to enter into transmission agreements with Eligible Customers for transmission service over non-Controlled Facilities under the Agency Agreement to all Eligible Customers, including the POs, on a non-discriminatory basis, pursuant to the GridFlorida OATT. GridFlorida shall have the obligation and the sole authority to enter into transmission agreements with Eligible Customers relating to the provision of transmission service over the Controlled Facilities and over non-Controlled Facilities under the Agency Agreement, including network operating agreements, point-to-point Service Agreements, and any other transmission agreements provided for by the GridFlorida OATT.

6.2.2 GridFlorida shall maintain at all times a FERC-approved OATT. GridFlorida shall have the obligation and the sole authority to administer the GridFlorida OATT, including the authority to file under Section 205 of the FPA to amend the GridFlorida OATT, except as provided otherwise in this Agreement. This provision is not intended to prevent POs from exercising any rights they may have to make filings under Section 206 of the FPA with regard to the GridFlorida OATT and associated protocols.

6.2.3 GridFlorida shall not seek modification of any provision of the GridFlorida OATT so as to require, directly or indirectly, either wheeling to end users (except as authorized by the FPSC or another entity with jurisdiction) or a sham wholesale transaction (as defined in FPA Section 212 (h)).

6.3 Reliability

GridFlorida shall have the obligation and sole responsibility for the short-term reliability of the Controlled Facilities in accordance with FERC Order No. 2000. The rights and obligations of GridFlorida with respect to the maintenance of the short-term reliability of the Controlled Facilities are described in more detail in

the Operating Protocol and the Planning Protocol. Any disputes regarding existing PO specific reliability requirements and operating guidelines which have not been fully resolved on or before the Effective Date, shall be resolved in accordance with Section 14 of this Agreement. Pending the resolution of any such disputes, the PO's specific reliability requirements and operating guidelines shall be used by GridFlorida with respect to the PO's facilities until the issue is resolved.

6.4 Planning And Expansion

Except as provided in the Planning Protocol regarding a transition period, GridFlorida shall have the obligation and sole responsibility to engage in planning for and to direct the expansion of the Controlled Facilities. The rights and obligations of GridFlorida with respect to planning of the Controlled Facilities are described in more detail in the Planning Protocol; provided, however, as part of its obligation and sole responsibility to engage in planning for and directing expansion of Controlled Facilities, GridFlorida shall have the right to determine whether construction, expansion or modification of Controlled Facilities is necessary and appropriate, but shall not have the right to require a PO to construct, expand or modify Controlled Facilities. In the event that a PO declines to construct, expand or modify Controlled Facilities, GridFlorida shall have the right to do so, subject to Section 6.11 hereof, in accordance with the terms of the Planning Protocol and the GridFlorida OATT.

6.5 Interconnection Agreements With Generation Owners

6.5.1 GridFlorida shall have the obligation and sole authority to receive and process requests from generation owners to interconnect with the Controlled Facilities. GridFlorida shall have full authority to negotiate and enter into interconnection agreements with the generation owners. As to interconnection to facilities that are owned or leased by a PO, such PO shall have the opportunity to execute on its own behalf such interconnection agreements negotiated and entered into by GridFlorida; provided that, once the PO is provided with the opportunity to execute the agreement, failure of the PO to execute the agreement shall not impede or delay the implementation of the interconnection. The rights and obligations of GridFlorida with respect to the interconnection of generation facilities to the Controlled Facilities are described in more detail in the GridFlorida OATT and the Planning Protocol.

6.5.2 GridFlorida shall require all generation owners interconnected or interconnecting with Controlled Facilities in connection with the agreements entered into pursuant to Section 6.5.1 above or pursuant to separate operating agreements entered into with GridFlorida, to follow the directions of GridFlorida in

redispatching generation and providing reactive power in accordance with the GridFlorida OATT and the Operating Protocol. In addition, interconnection agreements executed pursuant to Section 6.5.1 above shall require that generation owners follow the directions of the PO in the emergency situations under Section 7.9 herein. GridFlorida shall take all prudent steps to renegotiate interconnection agreements with generation owners in existence prior to the Effective Date to render such agreements consistent with the GridFlorida operational requirements.

6.6 OASIS

GridFlorida shall have the obligation and sole authority to operate an OASIS, or successor system(s) pursuant to the GridFlorida OATT, in its administration of the GridFlorida Controlled Facilities. GridFlorida's OASIS shall conform to the requirements for such systems as specified by the FERC.

6.7 Ancillary Services

GridFlorida shall offer or cause to be offered, in accordance with the GridFlorida OATT, Ancillary Services consistent with the FERC requirements. GridFlorida's responsibility as the provider of Ancillary Services is described in the GridFlorida OATT.

6.8 Current Documents

GridFlorida shall maintain current versions of the Operating and Planning Protocols, Code of Conduct, Information Policy and other similar documents of GridFlorida, and all amendments thereto, and shall post such documents on its Internet World Wide Web site or equivalent form of electronic posting and, upon request, provide copies of such documents to the POs.

6.9 Code of Conduct

GridFlorida and its directors, officers, employees, and agents shall comply with a FERC-approved Code of Conduct.

6.10 Compliance With Orders Of Regulatory Agencies

GridFlorida shall comply with the orders of the FERC and other state and federal regulatory agencies that have applicable jurisdiction over GridFlorida.

6.11 Avoidance Of Damage

GridFlorida and its directors, officers, employees, and agents shall use their individual and collective commercially reasonable efforts to avoid damage to the

Controlled Facilities or any property of any PO affected by GridFlorida's activities.

6.12 Credit Standards

GridFlorida shall employ and enforce commercially reasonable and not unduly discriminatory creditworthiness standards to minimize or avoid loss of revenues through non-payment for services. GridFlorida shall recover costs resulting from non-payment of transmission services pursuant to the GridFlorida OATT.

6.13 Standards Of Performance

GridFlorida shall exercise its rights and responsibilities hereunder in accordance with Good Utility Practice and shall conform to applicable reliability guidelines, policies, standards, rules, regulations, orders, license requirements and all other requirements of the NRC, NERC, FRCC or their successors, and all applicable requirements of federal or state laws or regulatory authorities. GridFlorida shall fully implement all applicable reliability standards.

6.14 Existing Transmission Agreements

GridFlorida shall abide by the provisions of the GridFlorida OATT regarding Existing Transmission Agreements and any arrangements providing for Transmission Customers to transition from Existing Transmission Agreements to the GridFlorida OATT.

6.15 Maximization Of Efficient Use

GridFlorida shall seek to maximize the efficient use of the Controlled Facilities.

7 RIGHTS AND OBLIGATIONS OF POs

7.1 Operations

The POs shall follow the directions of GridFlorida regarding operation of the Controlled Facilities as provided in the Operating Protocol. Except in the event of an Emergency as provided in Section 7.9, no PO shall place any Controlled Facility into or out of service without instructions or permission from GridFlorida or take any action that interferes with the provision of transmission service by GridFlorida.

7.2 Maintenance

The POs shall follow the directions of GridFlorida regarding the scheduling of maintenance of the Controlled Facilities as provided in the Operating Protocol.

7.3 Planning

The POs shall comply with the requirements of the Planning Protocol.

7.4 Construction

The rights and obligations of the Parties with respect to construction of additional transmission facilities shall be as defined in section 6.4 of this Agreement and in the Planning Protocol. The PO shall have the first option as provided in the Planning Protocol, but not the obligation, to construct transmission facilities that will be interconnected to its Controlled Facilities and located in its service area. If GridFlorida has determined that a transmission facility must be constructed, and the PO has incurred costs to construct such facility, but the facility cannot be completed notwithstanding that the PO has exercised due diligence to complete such facility, GridFlorida shall support the PO's efforts to obtain reimbursement for such costs.

7.5 Provision Of Information

The PO shall provide such information to GridFlorida as is necessary for GridFlorida to perform its obligations under this Agreement, the GridFlorida OATT, and the Operations and Planning Protocols. All information shall be treated in accordance with the GridFlorida Information Policy.

7.6 Facilities Access

Each PO shall give GridFlorida such access to the Controlled Facilities as is necessary for GridFlorida (i) to perform its obligations under this Agreement and the Operations and Planning Protocols and (ii) to verify and audit compliance by the PO with this Agreement.

7.7 Acquisition, Redesignation Or Sales

7.7.1 In the event a PO acquires transmission facilities that are (a) not under the control of another RTO, or actively in the process of being placed under the control of another RTO, and (b) not already included in the Controlled Facilities, such facilities shall become Controlled Facilities pursuant to this Agreement if GridFlorida, on its own initiative or in response to the request of any person, reasonably determines that such facilities are necessary for the reliable operation of GridFlorida or to provide transmission service to an Eligible Customer under the GridFlorida OATT. If such a determination is made, GridFlorida shall request the PO to transfer such facilities to Operational Control of GridFlorida subject to the FERC's approval, if applicable. Facilities placed under the Operational Control of GridFlorida under this provision may

nevertheless be withdrawn pursuant to Section 9 of this Agreement.

7.7.2 In the event certain PO facilities located within the scope of GridFlorida are redesignated to be transmission facilities by the PO, such facilities shall become Controlled Facilities pursuant to this Agreement if GridFlorida, on its own initiative or in response to the request of any person, reasonably determines that such facilities are necessary for the reliable operation of GridFlorida or to provide transmission service to an Eligible Customer under the GridFlorida OATT. If such a determination is made, GridFlorida shall request the PO to transfer such facilities to Operational Control of GridFlorida subject to the FERC's approval if applicable. Facilities placed under the Operational Control of GridFlorida under this provision may nevertheless be withdrawn pursuant to Section 9 of this Agreement.

7.7.3 A PO shall not be required to turn over Operational Control, as this term is defined in the Operating Protocol, of a facility if (a) the PO requested an unqualified opinion from nationally recognized bond counsel that transferring Operational Control over such facility is not expected to adversely affect the exclusion from gross income of interest on any bonds used to finance such facility, and (b) such nationally recognized bond counsel stated in writing that it is unable to provide such unqualified opinion, absent redemption fo the bonds used to finance the facility or the taking of other remedial action with respect to such bonds. A PO relying on this provision must, within 30 days of receipt of the statement from bond counsel described in paragraph (b) above, seek an IRS ruling that turning over Operational Control would not adversely affect the exclusion from gross income of interest on any bonds used to finance such facility. If the IRS grants such a ruling the PO shall be required to turn over Operational Control of such facility as provided in this agreement.

7.7.4 In the event a PO sells or otherwise transfers a portion or all of its Controlled Facilities to a third party that is not a PO or will not become a PO, the PO shall comply with the provisions of Section 9 regarding Withdrawal.

7.7.5 Nothing in this Section is intended to modify GridFlorida's obligations to acquire Operational Control of a transmission facility that is located in Peninsular Florida or that is contiguous with transmission facilities that are owned by or under the control of GridFlorida if the owner of such facility has offered Operational Control thereover to GridFlorida on commercially reasonable

terms.

7.8 Reserved Rights

The POs do not grant any implicit rights to GridFlorida under this Agreement. Any and all rights and responsibilities of POs that have not been expressly and specifically transferred to GridFlorida under this Agreement remain with the POs. The reserved rights described herein are not exhaustive of the rights retained by POs.

Among other things, each PO shall retain legal and equitable ownership of its electric transmission facilities including, but not limited to, the right to sell, transfer or mortgage or effect a Withdrawal of its facilities, subject to Section 9 herein.

In addition, and without limiting the generality of the foregoing, the POs may retain existing and add new non-transmission facilities to transmission poles and other structures they own, provided that such non-transmission facilities do not interfere with the operation of the transmission system and are operated subordinate to GridFlorida's authority to place the associated transmission facilities into or out of service.

Each PO shall maintain and repair its facilities, subject to the Operational Control of GridFlorida, at its own cost and expense. Except as provided in Sections 11.1 and 11.2, all casualty or other liability risks with respect to each PO's transmission facilities shall continue at all times to reside with that PO.

7.9 Emergencies

A situation in which a PO's electric facilities are in danger of suffering physical damage or in which injury or damage to persons or property is threatened is referred to herein as an "Emergency." All POs shall develop local operating rules, subject to GridFlorida review and approval, to govern the connection and disconnection of generation with Controlled Facilities and other actions to be taken in the event of an Emergency. The local operating rules shall include rules, procedures and protocols that are intended to ensure the safety of personnel operating or performing work or tests on transmission facilities. In the event of an Emergency, a PO may take any action consistent with the local operating rules as it deems necessary without first obtaining the permission of GridFlorida, provided that the PO shall inform GridFlorida of the Emergency and the action taken as soon as practicable, and shall follow any subsequent instructions of GridFlorida regarding the Emergency.

7.10 Agency Agreement

Each PO shall enter into an Agency Agreement with GridFlorida. The Agency Agreement shall authorize GridFlorida to grant transmission service requests on behalf of POs for the provision of transmission service for Eligible Customers under the GridFlorida OATT over PO facilities that are not Controlled Facilities, and shall provide for the collection of a separate charge related to service over non-Controlled Facilities.

7.11 Avoidance Of Damage

The PO and its directors, officers, employees, and agents shall use their individual and collective commercially reasonable efforts to avoid damage to the Controlled Facilities or any property of GridFlorida affected by the PO's activities.

7.12 Standards Of Performance

The PO shall exercise its rights and responsibilities hereunder in accordance with Good Utility Practice and shall conform to applicable reliability guidelines, policies, standards, rules, regulations, orders, license requirements and all other requirements of the NRC, NERC, FRCC or their successors, and all applicable requirements of federal or state laws or regulatory authorities.

8 RATES AND DISTRIBUTION OF REVENUES

8.1 Rate Filings By GridFlorida

In connection with its administration of the GridFlorida OATT, GridFlorida may unilaterally file at the FERC pursuant to Section 205 of the Federal Power Act such transmission pricing for transmission service as GridFlorida deems appropriate and may unilaterally file at the FERC pursuant to Section 205 of the Federal Power Act such changes in prices, pricing methods, terms, and conditions as GridFlorida deems to be appropriate; provided, however, that (i) the rates filed by GridFlorida must permit, (A) at a minimum, the full recovery of the then-effective annual transmission revenue requirement of each PO established pursuant to the GridFlorida OATT, plus any properly-approved stranded cost recovery charge for each PO, plus (B) coverage of GridFlorida's cost of performing its duties under this Agreement; and (ii) the transmission pricing must be consistent with the GridFlorida OATT.

8.2 Rate Filings By POs

8.2.1 Each PO shall have the right at any time to make a unilateral filing at FERC, consistent with the GridFlorida OATT, to establish the annual transmission revenue requirement payable to the PO by GridFlorida.

8.2.2 Nothing in this Agreement shall restrict any rights, to the extent

such rights exist, of a PO that is or may become a party to a merger, acquisition, or other restructuring transaction to make filings under Sections 205 and/or 206 of the Federal Power Act with respect to the reallocation or redistribution of the PO's revenues or the assignment of the PO's rights or obligations, to the extent the FPA requires such filings.

8.3 Collection And Distribution Of Revenues

GridFlorida shall collect, on behalf of the POs, the PO's revenue requirement approved, accepted, or otherwise made effective by the FERC, and any other amounts approved, accepted, or otherwise made effective by the FERC that are collected through GridFlorida rate schedules. All revenues received by GridFlorida for transmission service under the GridFlorida OATT shall be held, used, managed, and distributed in accordance with the revenue distribution protocols set forth in the GridFlorida OATT. GridFlorida does not guarantee that a PO will receive a return of or on any investment the PO may make in Controlled Facilities.

To the extent that FERC determines that a portion of the revenue requirements of a PO, including a PO that is not a public utility under the FPA, collected under the GridFlorida OATT must be refunded to transmission customers, the PO shall refund any such amounts, including any interest calculated in accordance with FERC's order, to GridFlorida no later than three days prior to the date refunds are due to transmission customers. If the PO does not make such payments within the specified time-frame, GridFlorida may withhold monthly payments to the PO of the PO's revenue requirement provided for under the GridFlorida OATT. GridFlorida shall promptly refund to the transmission customer any such collected rates, including interest, that are refunded to GridFlorida by the PO.

8.4 Stranded Costs

A PO may seek to recover stranded costs in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, a PO must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act and/or applicable state law (depending on whether the stranded costs are related to wholesale or retail transactions). If the FERC approves stranded cost charges to be recovered through schedules to be implemented by GridFlorida, GridFlorida, as agent, shall charge and collect the applicable charge(s) and distribute the amounts directly to the PO.

8.5 Reimbursement Of Start-Up Costs

Upon transfer of Operational Control, GridFlorida shall reimburse the POs for all costs associated with the start-up and establishment of GridFlorida, plus interest. Such costs are described in Schedule 10 of the GridFlorida OATT. In the event

that FERC disallows the recovery of a portion of the start up costs that were submitted to GridFlorida by the PO, then that PO agrees to refund GridFlorida for the disallowed cost, including any interest calculated in accordance with FERC's order, to GridFlorida no later than three days prior to the date refunds are due to transmission customers. GridFlorida shall exercise commercially reasonable efforts to obtain FERC approval for the recovery of start-up cost submitted to it by the PO.

9 WITHDRAWAL OF FACILITIES

9.1 Right To Withdraw Facilities

Upon submission of a written notice of withdrawal to GridFlorida, a PO may commence a process of withdrawal of a portion of or all of its facilities from the Controlled Facilities and the termination of its Agency Agreement. Such withdrawal shall not be effective until the later of (a) twelve (12) months after such notice is given, or (b) the effective date of all federal or state regulatory approvals required to transfer control of the transmission facilities back to the PO and all other regulatory approvals necessary to effectuate such withdrawal. A PO may withdraw immediately upon receipt of all necessary regulatory approvals without providing 12 months' notice (i) in the event that a PO commences withdrawal procedures under this Section 9 in connection with the divestiture of its transmission facilities to GridFlorida; or (ii) with respect to the withdrawal of certain of a PO's facilities as a result of the termination, revocation, or reversal of an IRS ruling or favorable opinion of nationally recognized bond counsel obtained pursuant to Section 7.7.3 of this Agreement that transferring Operational Control over such facilities will not have adverse tax consequences, or as a result of the issuance of an IRS Ruling or change in law, regulation or policy such that the PO is unable to obtain the unqualified opinion referenced in Section 7.7.3 of this Agreement. The waiver of the 12-month notice provision under paragraph (ii) above applies only to the withdrawal of those facilities that are the subject of the IRS ruling and/or opinion of bond counsel or changed law, regulation or policy.

At such time as the withdrawal is effective, the PO will no longer be bound by this Agreement, except as provided in Section 16.12 of this Agreement. In the event of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, pursuant to which substantially all of the PO's transmission facilities that are part of the Controlled Facilities are acquired by another entity, such acquiring entity shall have the right to withdraw its facilities in accordance with the foregoing. Any withdrawing PO shall be subject to the provisions of Section 9 subsequent to the withdrawal.

9.2 Transmission Customers Held Harmless

Transmission Customers taking service that requires use of the transmission

facilities of a withdrawing PO and that involves transmission contracts executed before the PO provided notice of its withdrawal shall continue to receive service for the remaining term of the contract at the same rates, terms, and conditions that would have been applicable if there were no withdrawal, unless such contracts are modified by FERC in accordance with its statutory authority or by agreement of the parties. GridFlorida shall continue to provide such transmission service on behalf of the withdrawing PO, and the PO shall receive no more in revenues for that service than if there had been no withdrawal by such PO.

9.3 Existing Obligations

All financial obligations incurred and payments applicable to time periods prior to the effective date of such withdrawal shall be honored by GridFlorida and the withdrawing PO.

9.4 Construction Of Facilities

Obligations of a withdrawing PO to construct new facilities pursuant to a plan of GridFlorida approved prior to such PO's withdrawal shall be renegotiated between GridFlorida and the withdrawing PO, so as to permit the Parties to effectuate, upon payment of appropriate compensation, the construction and ownership of any facilities necessary for GridFlorida to satisfy its obligations under GridFlorida OATT and Planning and Operating Protocols subsequent to the PO's withdrawal. If such obligations cannot be resolved through negotiations, they shall be resolved in accordance with Section 14.

9.5 Other Obligations

Other obligations between GridFlorida and the withdrawing PO shall be renegotiated between GridFlorida and the withdrawing PO, so as to permit the Parties to satisfy, upon payment of appropriate compensation, their obligations under the GridFlorida OATT and Planning and Operating Protocols subsequent to the PO's withdrawal. If such obligations cannot be resolved through negotiations, they shall be resolved in accordance with Section 14.

9.6 Regulatory And Other Approvals Or Procedures

The withdrawal by a PO of its facilities from GridFlorida shall be subject to all applicable federal and state regulatory approvals, and shall not be effective until all such approvals are obtained.

10 ADDITION OF NEW POs

Additional TOs may be added as new POs, upon the satisfaction of each of the following conditions: .

10.1 This Agreement is amended by having the new TO added as a PO, a new Appendix is added to this Agreement that lists the transmission facilities being transferred to GridFlorida's Operational Control, and the TO agrees to be bound by this Agreement.

10.2 GridFlorida and the TO shall have executed an Agency Agreement, and, if applicable, the FERC shall have issued an order or orders allowing the Agency Agreement to go into effect.

10.3 To the best of GridFlorida knowledge and belief, the TO shall have in place all means reasonably necessary to carry out its obligations under this Agreement, including completion of necessary testing and verification.

10.4 Ten days' notice is provided by GridFlorida to the TO subsequent to the receipt of all necessary FERC approvals, that GridFlorida is ready to commence operating that TO's transmission facilities as Controlled Facilities.

11 LIABILITY AND INDEMNIFICATION

11.1 Liability And Indemnification For Acts Or Omissions Of GridFlorida

GridFlorida shall release, indemnify, and hold harmless the PO from and against all liabilities, damages, losses, claims, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising from GridFlorida 's performance or neglect of GridFlorida's obligations including acts of the POs pursuant to the direction of, or written procedures providing specific direction from GridFlorida, whether arising from a finding of negligence, strict liability or other fault or responsibility, under this Agreement, except in cases where, and only to the extent that the negligence or intentional wrongdoing of a PO, its directors, officers, employees or agents contributes to the claimed injury or damage.

11.2 Liability And Indemnification For Acts or Omissions of the PO

To the extent, if any, permitted by law, each PO shall release, indemnify, and hold harmless GridFlorida from and against all liabilities, damages, losses, claims, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising from PO's performance or neglect of the PO's obligations, whether arising from a finding of negligence, strict liability or other fault or responsibility, under this Agreement, other than those non negligent actions taken pursuant to the direction of, or written procedures providing specific direction from GridFlorida, except in cases where, and only to the extent

that the negligence or intentional wrongdoing of GridFlorida, its directors, officers, employees or agents, contributes to the claimed injury or damage.

11.3 Limitation Of Liability Related To Sovereign Immunity

The liability of a Party to a PO with sovereign immunity under Section 768.28 of the Florida Statutes, shall be capped at the same dollar amounts set forth in Section 768.28 as such statutory provisions shall be amended from time to time, or, if a PO with sovereign immunity carries insurance in excess of such statutory dollar amounts, at the same limits as those of such excess coverage.

11.4 Limitation Of Liability For Indirect, Incidental Or Consequential Damages

The Parties shall not be liable to each other for any indirect, incidental or consequential damages arising out of the Parties performance of its obligations under this Agreement, except to the extent of any indemnification arising out of third party claims.

11.5 Filings To Revise Liability Provisions

The Parties agree not to file a request under Section 205 and/or 206 of the FPA to revise the provisions in this Agreement or the GridFlorida OATT related to indemnification and liability unless the Parties to this Agreement mutually agree to such revisions.

11.6 Insurance

11.6.1 Except as otherwise specified in Section 11.6.7 herein, GridFlorida shall be required, at its own expense, to maintain in effect at all times insurance coverage with limits not less than those set forth below. Failure of GridFlorida to maintain adequate coverage required herein shall not relieve GridFlorida of any contractual responsibility or obligation set forth herein.

11.6.1.1 Statutory Workers' Compensation and Employer's Liability with minimum limits of $1,000,000 per occurrence.

11.6.1.2 Commercial General Liability with minimum limits of $1,000,000 each occurrence for bodily injury (including death) or property damage. The policy shall contain a "severability of interest" endorsement, broad form property damage endorsement and broad form contractual liability coverage.

11.6.1.3 Business Automobile Liability with minimum limits of $1,000,000 each occurrence for bodily injury (including death) or property damage.

11.6.1.4 Umbrella or Excess Liability with minimum limits of $20,000,000 in excess of coverages required under 11.6.1.2 and 11.6.1.3. The Umbrella or Excess Liability should be on a following form basis.

11.6.2 Except as provided in 11.1 and 11.2 herein, each Party shall bear the risk of loss for damage to or loss of its own property. Parties shall maintain all risk property coverage or self insurance consistent with prudent utility practices with deductibles reasonably commercially available.

11.6.3 Each Party shall release and waive and require its insurance carriers to release and waive, all rights of subrogation against the other Parties, their parent companies, directors, officers, agents and affiliates.

11.6.4 In the event coverage required under this Section 11 is on a "claims made" basis, the retroactive date of the policies shall be the effective date of this Agreement. Furthermore, if the policy is on a "claims made" basis, the providing of such coverage shall survive the termination of this Agreement until the expiration of the maximum statutory period of limitations in the State of Florida. The policies shall not be cancelled or materially altered without at least 30 days written notice to the other Parties.

11.6.5 Except as otherwise specified in Section 11.6.7 herein, each PO shall be required, at its own expense, to maintain in effect at all times insurance coverage with limits not less than those set forth below. Failure of a PO to maintain adequate coverage required herein shall not relieve the PO of any contractual responsibility or obligation set forth herein.

11.6.5.1 Statutory Workers' Compensation and Employer's Liability with minimum limits of $1,000,000 per occurrence.

11.6.5.2 Commercial General Liability with minimum limits of $1,000,000 each occurrence for bodily injury (including death) or property damage. The policy shall contain a "severability of interest" endorsement, broad form property damage endorsement and broad form contractual liability coverage.

11.6.5.3 Business Automobile Liability with minimum limits of $1,000,000 each occurrence for bodily injury (including death) or property damage.

11.6.5.4 Umbrella or Excess Liability with minimum limits of $20,000,000 in excess of coverages required under 11.7.5.2 and 11.7.5.3. The Umbrella or Excess Liability should be on a following form basis.

11.6.6 Upon request either Party shall furnish evidence of insurance or demonstrate its financial ability to self insure to another Party.

11.6.7 Parties shall have the ability to self insure any of the obligations in Section 11.6, in a manner that is consistent with prudent utility practices.

11.7 No Agency Relationship Intended

The Parties agree that for purposes of Section 11, no Party shall be deemed to be the agent of another Party.

12 INSPECTION AND AUDITING

12.1 Inspection And Auditing Of GridFlorida

GridFlorida shall grant each PO such access to GridFlorida's books and records as is necessary to verify and audit compliance by GridFlorida with this Agreement. Such access shall be granted in a manner consistent with the Code of Conduct and at reasonable times during business hours and under reasonable conditions with a minimum of 48 hours notice. GridFlorida shall also comply with the accounting, record keeping and reporting requirements of federal and state regulatory authorities (including, but not limited to, the State of Florida) having jurisdiction over GridFlorida with respect to the business aspects of its operations and shall provide to each PO, at a minimum, quarterly and annual reports regarding the activities of GridFlorida. Contacts between officers, employees, and agents of any PO and those of GridFlorida pursuant to this Section shall be strictly limited to the purposes of this Section and shall comply with the applicable Code of Conduct and Information Policy.

12.2 Inspection And Auditing Of POs

Each PO shall grant GridFlorida such access to the PO's books and records as is necessary (i) to verify and audit compliance by the PO with this Agreement and (ii) for GridFlorida to perform its obligations under this Agreement. Such access shall be at reasonable times during business hours and under reasonable conditions with a minimum of 48 hours notice. The PO shall also comply with the

accounting and reporting requirements of any federal or state regulatory authorities (including, but not limited to, the State of Florida) having jurisdiction over the PO with respect to aspects of GridFlorida's business operations. Contacts between officers, employees, and agents of GridFlorida and those of the PO pursuant to this Section shall be strictly limited to the purposes of this Section and shall conform to GridFlorida's Code of Conduct and Information Policy.

13 PERFORMANCE OF REGULATORY OBLIGATIONS

13.1 FERC

13.1.1 GridFlorida shall have responsibility for meeting FERC regulatory obligations related to formation, governance and operation of GridFlorida and the provision of transmission service under the GridFlorida OATT in compliance with FERC Order No. 2000, and other FERC orders and regulations regarding RTOs.

13.1.2 Each PO shall have responsibility for meeting applicable FERC regulatory obligations including those related to establishment of the annual transmission revenue requirement associated with the PO transmission facilities under Operational Control of GridFlorida.

13.1.3 With respect to FERC regulatory obligations not identified in Subsections 13.1.1 and 13.1.2 of this Agreement, FPSC regulatory obligations, and regulatory obligations imposed by other regulatory authorities, GridFlorida and each PO shall coordinate their actions to the extent practicable, and in accordance with Section 16.15.

14 DISPUTE RESOLUTION

Any disputes arising under this Agreement shall be resolved in accordance with the same procedures as provided for in the Dispute Resolution Procedures contained in the GridFlorida OATT. Nothing in this Section is intended to restrict or expand existing federal or state laws or regulations.

15 REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to the other Parties as follows:

15.1 It is duly organized, validly existing, and in good standing under the laws of the jurisdiction where organized, is qualified to do business in the jurisdictions necessary to perform this Agreement, and has all requisite corporate and/or legal power and authority to own, lease, and operate its material assets and to carry on its business as it is now being conducted.

15.2 It has full corporate and/or legal power and authority to execute, deliver, and perform under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite action, and do not conflict with any applicable law, any of the terms or conditions of its governing documents, or with any other binding agreement.

15.3 It has duly executed and delivered this Agreement and, assuming that this Agreement is duly and validly executed and delivered by the other Parties, this Agreement constitutes the legal, valid, and binding obligation of the Party enforceable against it in accordance with its terms except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws affecting the enforcement of creditor's rights generally, and by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity.

15.4 It has obtained or, by the Effective Date will have obtained, all regulatory authorizations and approvals necessary for it to legally perform its obligations under this Agreement. As to any entity that requires approval of the Administrator of the Rural Utilities Service ("RUS"), the provisions of this Agreement and of any subsequent amendment(s) are subject to the approval of the Administrator of the RUS. Such entity will be responsible for obtaining approval of this Agreement from the RUS and will seek to obtain such approval promptly.

15.5 There are no bankruptcy, insolvency, reorganization, receivership, or other similar proceedings pending or being contemplated by it or to its knowledge threatened against it.

15.6 There are no actions at law, suits in equity, proceedings, or claims pending or, to its knowledge, threatened against it before or by any federal, state, foreign, or local court, tribunal, or governmental agency or authority that might materially delay, prevent, or hinder the performance of its obligations hereunder.

15.7 It is not in violation of any applicable laws, statute, order, rule, regulation or judgment promulgated or entered by any federal, state or local governmental authority that reasonably could be expected to materially affect the performance of its obligations hereunder.

16 MISCELLANEOUS PROVISIONS

16.1 Confidentiality

All documents and information exchanged by the Parties in connection with this Agreement shall be handled in accordance with the GridFlorida Information Policy and applicable law.

16.2 Descriptive Headings

The descriptive headings of Sections, subsections and other provisions of this Agreement have been inserted for convenience of reference only and shall not define, modify, restrict, construe, or otherwise affect the construction or interpretation of any of the provisions of this Agreement.

16.3 Governing Law And Jurisdiction

This Agreement shall be interpreted, construed, and governed by the laws of the State of Florida, except to the extent preempted by the laws of the United States of America. With respect to any claim or controversy arising from this Agreement or performance hereunder within the subject matter jurisdiction of the federal courts located in Florida or the state courts of the State of Florida, the Parties agree that no other federal civil court or state court will have jurisdiction or venue, except on appeal.

16.4 Successors And Assigns

This Agreement shall inure to the benefit of, and be binding upon, each of the Parties, their respective successors and assigns permitted hereunder. This Agreement shall not be assigned by any Party, by operation of law or otherwise, without the prior approval of the other Parties, which shall not be unreasonably withheld or delayed; provided, however, that such approval shall not be necessary in the case of an assignment to a successor in the ownership of a PO's Controlled Facilities by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all such Controlled Facilities are acquired by such successor and such successor becomes a PO under this Agreement, agrees to be bound by this Agreement, and executes and delivers to GridFlorida such documents as may be necessary to accomplish the foregoing; provided, further, that such approval shall not be necessary in the case of GridFlorida assigning its rights and obligations under this Agreement to another Commission-approved RTO. Where the approval of a Party is required for an assignment, such Party shall take into account the FERC policies regarding the scope of RTOs. Notwithstanding any other provision of this Section, the interest of any entity subject to the jurisdiction of the RUS may be assigned, transferred, mortgaged or pledged by said entity without any other Party's consent only for the purpose of creating a security interest for the benefit of the United States of America, acting through the RUS (and thereafter the RUS, without the approval of any Party, may cause the RUS's interest in this Agreement to be sold, assigned, transferred or otherwise disposed of to a third party).

16.5 No Implied Waivers

The failure of a Party to insist upon or enforce strict performance of any of the specific provisions of this Agreement at any time shall not be construed as a waiver or relinquishment to any extent of that Party's right to assert or rely upon any such provisions, rights, or remedies in that or any other instance, or as a waiver to any extent of any specific provision of this Agreement; rather, the same shall be and remain in full force and effect.

16.6 Severability

Except for Section 9 of this Agreement, each provision of this Agreement shall be considered severable, and if for any reason any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, then the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision shall be replaced with a suitable and equitable provision pursuant to Section 16.7 of this Agreement in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid, void, or unenforceable provision.

16.7 Renegotiation

If any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, then the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the Parties under this Agreement immediately prior to such holding, modification, or condition. If such negotiations are unsuccessful, then the Parties may exercise their withdrawal or termination rights available under this Agreement.

16.8 Further Assurances

Each Party agrees that it shall hereafter execute and deliver such further instruments, provide all information, and take or forbear such further acts and things as may be reasonably required and useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the provisions of this Agreement.

16.9 Notices

Except as otherwise expressly provided herein, notices required or permitted

under this Agreement shall be in writing and shall be sent by first class U.S. mail, overnight courier, hand delivery, facsimile, or other reliable electronic means. Any notice required under this Agreement shall be deemed to have been given either upon delivery, if by U.S. mail, overnight courier, or hand delivery, or upon confirmation, if given by facsimile or other reliable electronic means. Notices shall be given to the persons specified in Appendix A to this Agreement.

16.10 Force Majeure

A Party shall not be considered to be in default or breach under this Agreement, and shall be excused from performance or liability for damages to any other Party, if and to the extent, and only for so long as, it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, except the obligation to pay any amount when due, arising directly out of or resulting directly from any act, omission, or circumstance occasioned by any act of God, labor disturbance, failure of contractors or suppliers of materials, act of the public enemy, war, invasion, insurrection, riot, fire, storm, flood, ice, explosion, breakage or accident to machinery or equipment, or in consequence of any other cause or causes beyond such Party's reasonable control, including any curtailment, order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities, or by the making of repairs necessitated by an emergency circumstance not limited to those listed above upon the property or equipment of a Party or Parties. Nothing contained in this Section shall relieve any entity of the obligations to make payments when due hereunder. Any Party claiming a force majeure event shall use all commercially reasonable efforts to remove the condition that prevents performance, except the settlement of any labor disturbance shall be in the sole judgment of the affected Party.

16.11 Claims By Employees

A Party shall be solely responsible for, and shall bear all of the costs of, claims by its own employees, contractors, or agents arising under and covered by any workers' compensation law. A Party shall furnish, at its sole expense, such insurance coverage and such evidence thereof, or evidence of self-insurance, as is reasonably necessary to meet its obligations under this Agreement.

16.12 Survival

The following provisions of this Agreement shall survive the termination of this Agreement in accordance with their terms: 6.14, 9, 11 and 16.1.

16.13 Entire Agreement

This Agreement and the documents incorporated by reference and made part of this Agreement constitute the entire agreement among the Parties with respect to the subject matter of this Agreement, and no previous or contemporary oral or

written representations, agreements, or understandings made by any officer, agent, or employee of any PO or of GridFlorida shall be binding unless contained in this Agreement or the documents incorporated by reference and made part of this Agreement.

16.14 Amendments

16.14.1 Amendments To This Agreement

This Agreement shall not be amended without the written agreement of all the Parties, except for amendments regarding the admission of new POs provided for in Section 16.15.2 of this Agreement. Except as provided in Section 11.5 herein, Parties do not hereby waive their FPA Section 206 rights to seek changes to this Agreement.

16.14.2 Addition Of New POs

Any amendment pursuant to Section 10 of this Agreement regarding the addition of a new PO need only be executed by GridFlorida and the new PO.

16.15 Cooperation

To the extent that the jurisdiction of any federal or state regulatory authority applies to any part of this Agreement and/or the transactions or actions covered by this Agreement, the Parties shall cooperate with each other to secure any necessary or desirable approval or acceptance of such regulatory authorities of such part of this Agreement and/or such transactions or actions. In addition, the Parties agree to cooperate with each other in order to minimize the tax obligations of a Party which may arise out of its performance of this Agreement, while at the same time securing all necessary and desirable regulatory approvals.

16.16 Good Faith Efforts

Where the consent, agreement, or approval of a Party must be obtained hereunder, such consent, agreement, or approval shall not be unreasonably withheld, conditioned, or delayed. Where a Party is required or permitted to act, or omit to act, based on its opinion or judgment, such opinion or judgment shall not be unreasonably exercised. To the extent that the jurisdiction of any federal or state regulatory authority applies to any part of this Agreement and/or the transactions or actions covered by this Agreement, the Parties shall cooperate with all other Parties to secure any necessary or desirable approval or acceptance of such regulatory authorities of such part of this Agreement and/or such transactions or actions.

16.17 Third-Party Agreements

16.17.1 To the extent that a PO is party to any contracts with third parties that materially affect Controlled Facilities being transferred from the PO to GridFlorida, including contracts with third parties that provide for the joint ownership, operation, or maintenance of Controlled Facilities, the PO shall notify GridFlorida of such contracts and the PO and GridFlorida shall negotiate between themselves and with the third parties to effectuate any amendments, assignments, consents or other actions with respect to such contracts, including any appropriate compensation therefor, as may be necessary to allow the PO and GridFlorida to perform under this Agreement. Disputes between the PO and GridFlorida not resolved by negotiations under this Section shall be resolved in accordance with the Dispute Resolution Procedures.

16.17.2 This provision is not intended to govern the manner in which Existing Transmission Agreements will be administered upon transfer of Operational Control.

16.18 No Third Party Rights

Nothing in this Agreement, express or implied, is intended to confer on any person, other than the Parties hereto, any rights or remedies under or by reason of this Agreement.

16.19 No Partnership, Joint Venture Or Lease

This Agreement is not intended, and shall not be construed, interpreted or applied, to create a partnership or joint venture. This Agreement is also not intended, and shall not be construed, interpreted or applied, to create a lease or other similar arrangement. Instead, it is intended that each PO shall be the legal and equitable owner of its transmission facilities with each PO having retained GridFlorida to exercise Operational Control over its transmission facilities that constitute Controlled Facilities in accordance with and subject to the terms of this Agreement. The obligations of the Parties arising out of or in connection with this Agreement shall be several and not joint.

16.20 Remedies

The Parties agree that remedies at law are inadequate to protect their interests and that irreparable damage may occur in the event that any of the provisions of this Agreement are not performed by the Parties in accordance with their specific terms or are otherwise breached. Accordingly, it is agreed that the Parties, individually or in conjunction with one or more other Parties, shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and specific

performance to enforce specifically the terms and provisions thereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which the Parties are entitled at law or in equity.

16.21 Rights Or Obligations Between Or Among POs

The Parties agree that nothing in this Agreement is intended to confer or take away any rights or obligations between or among the POs.

16.22 Documents Incorporated By Reference

The following documents are incorporated by reference and made part of this Agreement: GridFlorida OATT, and Information Policy.

16.23 Counterparts

This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all of the Parties, and this Agreement shall be binding upon all the Parties with the same force and effect as if all the Parties had signed the same document, and each such signed counterpart shall constitute an original of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement.

On Behalf of GridFlorida	On Behalf of PO # 1
On Behalf of PO #2	On Behalf of PO # 3

EXHIBIT A

LIST OF [PO #1] CONTROLLED FACILITIES

EXHIBIT B

LIST OF [PO #2] CONTROLLED FACILITIES

EXHIBIT C

LIST OF [PO #3] CONTROLLED FACILITIES

PARTICIPATING OWNERS MANAGEMENT AGREEMENT

This Participating Owners Management Agreement (hereinafter "Agreement") is entered into by and among the undersigned Participating Owners ("POs") and GridFlorida, a for-profit transmission company (collectively referred to as "Parties" and individually referred to as a "Party").

WHEREAS, pursuant to FERC Order No. 2000, a number of Transmission Owners ("TOs") in the state of Florida have decided to create GridFlorida, which will be the Regional Transmission Organization ("RTO") for peninsular Florida; and

WHEREAS, certain TOs have decided that they will (1) divest transmission facilities to GridFlorida or (2) transfer Operational Control over transmission facilities to GridFlorida, and this Agreement shall regulate the respective rights and obligations of GridFlorida and those parties that will transfer Operational Control over their transmission facilities to GridFlorida ("Participating Owners" or "POs"); and

WHEREAS, GridFlorida will exercise Operational Control over the Controlled Facilities; and

WHEREAS, GridFlorida will offer non-discriminatory open access transmission services over the Controlled Facilities; and

WHEREAS, the integrity and reliability of the Controlled Facilities must be maintained by GridFlorida; and

WHEREAS, among the objectives of GridFlorida is the receipt of adequate revenues to provide for the operation and maintenance of the Controlled Facilities, and to enable GridFlorida and the POs to earn a reasonable rate of return on and to recover the capital invested in the Controlled Facilities, and the operation of the Controlled Facilities in a manner that promotes such objectives; and

WHEREAS, the Parties have fiduciary obligations to their investors or members to protect their transmission facilities and to protect their investors or members from liability that may result from the operation of those facilities, and GridFlorida must operate in a manner so as to allow the POs to fulfill these obligations; and

WHEREAS, the Parties have obligations to provide safe and reliable service to the public, and GridFlorida must operate in a manner so as to allow the POs to fulfill these obligations;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the Parties do hereby agree with each other, for themselves and their successors and assigns, as follows:

1 PURPOSES OF THE AGREEMENT

The purposes of this Agreement, which are material to this Agreement, among other things, are to:

1.1.1. Transfer Operational Control over the PO's transmission facilities to GridFlorida;

1.1.2. Provide for full recovery through GridFlorida rate schedules under a FERC-approved OATT of the transmission revenue requirement of each PO and any other charges established in accordance with GridFlorida OATT;

1.1.3. Distribute the revenues from the collection of GridFlorida charges to the POs in accordance with this Agreement and the GridFlorida OATT;

1.1.4. Carry out the provisions concerning transitional arrangements set forth in the GridFlorida OATT, as applicable, with regard to Existing Transmission Agreements;

1.1.5. Carry out the provisions of this Agreement related to liability, indemnification and insurance;

1.1.6. Carry out the provisions of this Agreement regarding the prohibition against modification of the GridFlorida OATT to require, directly or indirectly, either wheeling to end users (except as authorized by the FPSC or another entity with jurisdiction) or a sham wholesale transaction (as defined in FPA Section 212 (h)).

2 DEFINITIONS

2.1 Agency Agreement
Means an agreement between GridFlorida and a Participating Owner whereby GridFlorida acts as the agent for the Participating Owner to arrange for delivery of power for Eligible Customers under the GridFlorida OATT, over PO facilities that are not Controlled Facilities.

2.2 Agreement
Means this Participating Owners Management Agreement.

2.3 Ancillary Services
Has the same meaning as the definition of Ancillary Services contained in

the GridFlorida OATT, as such definition may be amended from time to time.

2.4 Code Of Conduct
Means the GridFlorida Code of Conduct as the same may be amended from time to time.

2.5 Controlled Facility Or Controlled Facilities
Means the electric transmission facility or facilities owned or leased by GridFlorida or facilities owned or leased by a PO and over which Operational Control has been transferred to GridFlorida pursuant to this Agreement. A list of Controlled Facilities for each PO is found at Exhibits A – [ ] attached hereto.

2.6 Dispute Resolution Procedures
Means the Dispute Resolution Procedures provided for in the GridFlorida OATT, as such procedures may be amended from time to time.

2.7 Effective Date
Means the date that this Agreement becomes effective, as determined in accordance with Section 5 of this Agreement.

2.8 Eligible Customer
Has the same meaning as the definition of Eligible Customer contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.9 Emergency
Has the same meaning as provided in Section 7.9 of this Agreement.

2.10 Existing Transmission Agreements
Has the same meaning as the definition of Existing Transmission Agreements contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.11 Federal Power Act Or FPA
Means the statute codified at ~~15~~16 USC §§ ~~717~~791a et seq., as the same may be amended from time to time.

2.12 FERC
Means the Federal Energy Regulatory Commission and any successor entity.

2.13 FPSC
Means the Florida Public Service Commission and any successor entity.

2.14 FRCC
Has the same meaning as the definition of FRCC contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.15 Good Utility Practice
Has the same meaning as the definition of Good Utility Practice contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.16 GridFlorida
Means the independent transmission company that serves as the Regional Transmission Organization within the FRCC, and any successor entity.

2.17 GridFlorida OATT
Means the FERC-approved Open Access Transmission Tariff applicable to the provision of transmission service by GridFlorida, as the same may be amended from time to time.

2.18 Information Policy
Means the document that establishes the rules and guidelines regarding the disclosure of information in connection with the operation of or participation in GridFlorida, as the same may be amended from time to time.

2.19 Market Participant
Has the same meaning as the definition of Market Participant contained in Section 35.34 of the Commission's regulations (18 CFR § 35.34) as such definition may be amended from time to time.

2.20 NERC
Means the North American Electric Reliability Council and any successor entity.

2.21 Network Operating Agreement
Has the same meaning as the definition of Network Operating Agreement contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.22 NRC
Means the Nuclear Regulatory Commission and any successor entity.

2.23 Open Access Same-Time Information System Or OASIS
Has the same meaning as the definition of Open Access Same-Time Information System or OASIS contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.24 Operating Protocol
Means the GridFlorida Operating Protocol as amended from time to time.

2.25 Operational Control
Means the ability of GridFlorida to control the operation of the Controlled Facilities as provided for in this Agreement and in the Operating and Planning Protocols.

2.26 Planning Protocol
Means the GridFlorida Planning Protocol as amended from time to time.

2.27 Participating Owner Or PO
Means Transmission Owners that have placed transmission facilities under the Operational Control of GridFlorida by entering into this Agreement.

2.28 Regional Transmission Organization Or RTO
Has the same meaning as the definition of Regional Transmission Organization contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.29 Service Agreement
Means the initial agreement and any amendments or supplements thereto entered into by a Transmission Customer and GridFlorida for transmission service under the GridFlorida OATT.

2.30 Transmission Customer
Has the same meaning as the definition of Transmission Customer contained in the GridFlorida OATT, as such definition may be amended from time to time.

2.31 Transmission Owner Or TO
Means any entity owning transmission facilities within the FRCC area.

2.32 Withdrawal
Has the same meaning as provided in Section 9 of this Agreement.

3 TRANSFER OF OPERATIONAL CONTROL

Upon the Effective Date, each undersigned PO shall transfer Operational Control over the Controlled Facilities to GridFlorida. The rights and obligations of GridFlorida resulting from such transfer and the retained rights and obligations of the PO after such transfer are specified in this Agreement.

4 TERM OF AGREEMENT

This Agreement shall become effective upon the Effective Date and shall

continue in effect for a term of 20 years and renew automatically on a year-to-year basis thereafter. An individual PO may terminate the Agreement with respect to itself by providing notice that it does not wish to renew the Agreement at least 12 months prior to the end of the term of the Agreement or the term of any renewal period. A PO may also terminate the Agreement with respect to itself by withdrawing pursuant to Section 9 of this Agreement. In either event, the provisions of Section 9 shall apply and certain rights and obligations of a PO shall survive withdrawal or termination as provided in Section 16.12 of this Agreement. This Agreement shall continue in effect for GridFlorida until all POs have elected not to renew or have withdrawn pursuant to Section 9 of this Agreement; provided, however, that certain rights and obligations of GridFlorida shall survive termination as provided in Section 16.13 of this Agreement.

5 EFFECTIVE DATE

This Agreement shall become effective after execution for the first time by GridFlorida and a PO or POs, and on such date certain provided in the first notice issued by GridFlorida to such PO or POs, certifying that each of the conditions precedent set forth in sections 5.1 though 5.5 of this Agreement, if jurisdictionally applicable, has been satisfied, and that GridFlorida will commence operations with respect to such PO or POs. This Agreement shall become effective with respect to a PO executing this Agreement after the Effective Date, upon the satisfaction of the conditions specified in Section 10, and shall continue in effect for the term specified in Section 4 of this Agreement, except in the event of Withdrawal.

5.1 FERC shall have issued an order authorizing this Agreement to become effective and approving the transfer of Operational Control over the POs' facilities to GridFlorida as contemplated by this Agreement;

5.2 FERC shall have issued an order authorizing the formation and operations of GridFlorida.

5.3 GridFlorida and each PO shall have executed, as necessary, Agency Agreements, and FERC shall have issued an order or orders allowing those Agency Agreements to go into effect.

5.4 GridFlorida shall have in place all means necessary to carry out its obligations under this Agreement, including but not limited to the necessary physical facilities, personnel, hardware and software, and completion of necessary testing and verification.

5.5 To the best of GridFlorida knowledge and belief, the POs shall have in place all means reasonably necessary to carry out their obligations under this Agreement including completion of necessary testing and verification.

6 RIGHTS AND OBLIGATIONS OF GridFlorida

6.1 Operational Control

GridFlorida shall exercise Operational Control over the Controlled Facilities. The rights and obligations of GridFlorida with respect to the exercise of Operational Control are described in more detail in this Agreement.

6.2 Provision Of Transmission Service

6.2.1 GridFlorida shall have the obligation and the sole authority to offer transmission service over the Controlled Facilities under this Agreement and shall also have authority to enter into transmission agreements with Eligible Customers for transmission service over non-Controlled Facilities under the Agency Agreement to all Eligible Customers, including the POs, on a non-discriminatory basis, pursuant to the GridFlorida OATT. GridFlorida shall have the obligation and the sole authority to enter into transmission agreements with Eligible Customers relating to the provision of transmission service over the Controlled Facilities and over non-Controlled Facilities under the Agency Agreement, including network operating agreements, point-to-point Service Agreements, and any other transmission agreements provided for by the GridFlorida OATT.

6.2.2 GridFlorida shall maintain at all times a FERC-approved OATT. GridFlorida shall have the obligation and the sole authority to administer the GridFlorida OATT, including the authority to file under Section 205 of the FPA to amend the GridFlorida OATT, except as provided otherwise in this Agreement. This provision is not intended to prevent POs from exercising any rights they may have to make filings under Section 206 of the FPA with regard to the GridFlorida OATT and associated protocols.

6.2.3 GridFlorida shall not seek modification of any provision of the GridFlorida OATT so as to require, directly or indirectly, either wheeling to end users (except as authorized by the FPSC or another entity with jurisdiction) or a sham wholesale transaction (as defined in FPA Section 212 (h)).

6.3 Reliability

GridFlorida shall have the obligation and sole responsibility for the short-term reliability of the Controlled Facilities in accordance with FERC Order No. 2000. The rights and obligations of GridFlorida with respect to the maintenance of the short-term reliability of the Controlled Facilities are described in more detail in

the Operating Protocol and the Planning Protocol. Any disputes regarding existing PO specific reliability requirements and operating guidelines which have not been fully resolved on or before the Effective Date, shall be resolved in accordance with Section 14 of this Agreement. Pending the resolution of any such disputes, the PO's specific reliability requirements and operating guidelines shall be used by GridFlorida with respect to the PO's facilities until the issue is resolved.

6.4 Planning And Expansion

Except as provided in the Planning Protocol regarding a transition period, GridFlorida shall have the obligation and sole responsibility to engage in planning for and to direct the expansion of the Controlled Facilities. The rights and obligations of GridFlorida with respect to planning of the Controlled Facilities are described in more detail in the Planning Protocol; provided, however, as part of its obligation and sole responsibility to engage in planning for and directing expansion of Controlled Facilities, GridFlorida shall have the right to determine whether construction, expansion or modification of Controlled Facilities is necessary and appropriate, but shall not have the right to require a PO to construct, expand or modify Controlled Facilities. In the event that a PO declines to construct, expand or modify Controlled Facilities, GridFlorida shall have the right to do so, subject to Section 6.11 hereof, in accordance with the terms of the Planning Protocol and the GridFlorida OATT.

6.5 Interconnection Agreements With Generation Owners

6.5.1 GridFlorida shall have the obligation and sole authority to receive and process requests from generation owners to interconnect with the Controlled Facilities. GridFlorida shall have full authority to negotiate and enter into interconnection agreements with the generation owners. As to interconnection to facilities that are owned or leased by a PO, such PO shall have the opportunity to execute on its own behalf such interconnection agreements negotiated and entered into by GridFlorida; provided that, once the PO is provided with the opportunity to execute the agreement, failure of the PO to execute the agreement shall not impede or delay the implementation of the interconnection. The rights and obligations of GridFlorida with respect to the interconnection of generation facilities to the Controlled Facilities are described in more detail in the GridFlorida OATT and the Planning Protocol.

6.5.2 GridFlorida shall require all generation owners interconnected or interconnecting with Controlled Facilities in connection with the agreements entered into pursuant to Section 6.5.1 above or pursuant to separate operating agreements entered into with GridFlorida, to follow the directions of GridFlorida in

redispatching generation and providing reactive power in accordance with the GridFlorida OATT and the Operating Protocol. In addition, interconnection agreements executed pursuant to Section 6.5.1 above shall require that generation owners follow the directions of the PO in the emergency situations under Section 7.9 herein. GridFlorida shall take all prudent steps to renegotiate interconnection agreements with generation owners in existence prior to the Effective Date to render such agreements consistent with the GridFlorida operational requirements.

6.6 OASIS

GridFlorida shall have the obligation and sole authority to operate an OASIS, or successor system(s) pursuant to the GridFlorida OATT, in its administration of the GridFlorida Controlled Facilities. GridFlorida's OASIS shall conform to the requirements for such systems as specified by the FERC.

6.7 Ancillary Services

GridFlorida shall offer or cause to be offered, in accordance with the GridFlorida OATT, Ancillary Services consistent with the FERC requirements. GridFlorida's responsibility as the provider of Ancillary Services is described in the GridFlorida OATT.

6.8 Current Documents

GridFlorida shall maintain current versions of the Operating and Planning Protocols, Code of Conduct, Information Policy and other similar documents of GridFlorida, and all amendments thereto, and shall post such documents on its Internet World Wide Web site or equivalent form of electronic posting and, upon request, provide copies of such documents to the POs.

6.9 Code of Conduct

GridFlorida and its directors, officers, employees, and agents shall comply with a FERC-approved Code of Conduct.

6.10 Compliance With Orders Of Regulatory Agencies

GridFlorida shall comply with the orders of the FERC and other state and federal regulatory agencies that have applicable jurisdiction over GridFlorida.

6.11 Avoidance Of Damage

GridFlorida and its directors, officers, employees, and agents shall use their individual and collective ~~best~~commercially reasonable efforts to avoid damage to

the Controlled Facilities or any property of any PO affected by GridFlorida's activities.

6.12 Credit Standards

GridFlorida shall employ and enforce commercially reasonable and not unduly discriminatory creditworthiness standards to minimize or avoid loss of revenues through non-payment for services. GridFlorida shall recover costs resulting from non-payment of transmission services pursuant to the GridFlorida OATT.

6.13 Standards Of Performance

GridFlorida shall exercise its rights and responsibilities hereunder in accordance with Good Utility Practice and shall conform to applicable reliability guidelines, policies, standards, rules, regulations, orders, license requirements and all other requirements of the NRC, NERC, FRCC or their successors, and all applicable requirements of federal or state laws or regulatory authorities. GridFlorida shall fully implement all applicable reliability standards.

6.14 Existing Transmission Agreements

GridFlorida shall abide by the provisions of the GridFlorida OATT regarding Existing Transmission Agreements and any arrangements providing for Transmission Customers to transition from Existing Transmission Agreements to the GridFlorida OATT.

6.15 Maximization Of Efficient Use

GridFlorida shall seek to maximize the efficient use of the Controlled Facilities.

7 RIGHTS AND OBLIGATIONS OF POs

7.1 Operations

The POs shall follow the directions of GridFlorida regarding operation of the Controlled Facilities as provided in the Operating Protocol. Except in the event of an Emergency as provided in Section 7.9, no PO shall place any Controlled Facility into or out of service without instructions or permission from GridFlorida or take any action that interferes with the provision of transmission service by GridFlorida.

7.2 Maintenance

The POs shall follow the directions of GridFlorida regarding the scheduling of maintenance of the Controlled Facilities as provided in the Operating Protocol.

7.3 Planning

The POs shall comply with the requirements of the Planning Protocol.

7.4 Construction

The rights and obligations of the Parties with respect to construction of additional transmission facilities shall be as defined in section 6.4 of this Agreement and in the Planning Protocol. The PO shall have the first option as provided in the Planning Protocol, but not the obligation, to construct transmission facilities that will be interconnected to its Controlled Facilities and located in its service area. If GridFlorida has determined that a transmission facility must be constructed, and the PO has incurred costs to construct such facility, but the facility cannot be completed notwithstanding that the PO has exercised due diligence to complete such facility, GridFlorida shall support the PO's efforts to obtain reimbursement for such costs.

7.5 Provision Of Information

The PO shall provide such information to GridFlorida as is necessary for GridFlorida to perform its obligations under this Agreement, the GridFlorida OATT, and the Operations and Planning Protocols. All information shall be treated in accordance with the GridFlorida Information Policy.

7.6 Facilities Access

Each PO shall give GridFlorida such access to the Controlled Facilities as is necessary for GridFlorida (i) to perform its obligations under this Agreement and the Operations and Planning Protocols and (ii) to verify and audit compliance by the PO with this Agreement.

7.7 Acquisition, Redesignation Or Sales

7.7.1 In the event a PO acquires transmission facilities that are (a) not under the control of another RTO, or actively in the process of being placed under the control of another RTO, and (b) not already included in the Controlled Facilities, such facilities shall become Controlled Facilities pursuant to this Agreement if GridFlorida, on its own initiative or in response to the request of any person, reasonably determines that such facilities are necessary for the reliable operation of GridFlorida or to provide transmission service to an Eligible Customer under the GridFlorida OATT. If such a determination is made, GridFlorida shall request the PO to transfer such facilities to Operational Control of GridFlorida subject to the FERC's approval, if applicable. Facilities placed under the Operational Control of GridFlorida under this provision may

nevertheless be withdrawn pursuant to Section 9 of this Agreement.

7.7.2 In the event certain PO facilities located within the scope of GridFlorida are redesignated to be transmission facilities by the PO, such facilities shall become Controlled Facilities pursuant to this Agreement if GridFlorida, on its own initiative or in response to the request of any person, reasonably determines that such facilities are necessary for the reliable operation of GridFlorida or to provide transmission service to an Eligible Customer under the GridFlorida OATT. If such a determination is made, GridFlorida shall request the PO to transfer such facilities to Operational Control of GridFlorida subject to the FERC's approval if applicable. Facilities placed under the Operational Control of GridFlorida under this provision may nevertheless be withdrawn pursuant to Section 9 of this Agreement.

7.7.3 ~~Nothing in this agreement is intended to or shall require POs to turn over Direct~~A PO shall not be required to turn over Operational Control, as this term is defined in the Operating Protocol, of ~~facilities in a manner that would reasonably be expected to jeopardize the (i) continued characterization of a safe harbor lease under former Section 168(f)(8) of~~a facility if (a) the PO requested an unqualified opinion from nationally recognized bond counsel that transferring Operational Control over such facility is not expected to adversely affect the ~~Internal Revenue Code of 1954, or (ii) tax-exempt status of any local furnishing~~exclusion from gross income of interest on any bonds used to finance such facility, and (b) such nationally recognized bond counsel stated in writing that it is unable to provide such unqualified opinion, absent redemption fo the bonds used to finance the facility or the taking of other remedial action with ~~facilities. Upon request by GridFlorida,~~ respect to such bonds. A PO relying on this provision ~~must produce a qualified opinion to support such expectation.~~ must, within 30 days of receipt of the statement from bond counsel described in paragraph (b) above, seek an IRS ruling that turning over Operational Control would not adversely affect the exclusion from gross income of interest on any bonds used to finance such facility. If the IRS grants such a ruling the PO shall be required to turn over Operational Control of such facility as provided in this agreement.

7.7.4 In the event a PO sells or otherwise transfers a portion or all of its Controlled Facilities to a third party that is not a PO or will not become a PO, the PO shall comply with the provisions of Section 9 regarding Withdrawal.

7.7.5 Nothing in this Section is intended to modify GridFlorida's obligations to acquire Operational Control of a transmission facility that is located in Peninsular Florida or that is contiguous with transmission facilities that are owned by or under the control of GridFlorida if the owner of such facility has offered Operational Control thereover to GridFlorida on commercially reasonable terms.

7.8 Reserved Rights

The POs do not grant any implicit rights to GridFlorida under this Agreement. Any and all rights and responsibilities of POs that have not been expressly and specifically transferred to GridFlorida under this Agreement remain with the POs. The reserved rights described herein are not exhaustive of the rights retained by POs.

Among other things, each PO shall retain legal and equitable ownership of its electric transmission facilities including, but not limited to, the right to sell, transfer or mortgage or effect a Withdrawal of its facilities, subject to Section 9 herein.

In addition, and without limiting the generality of the foregoing, the POs may retain existing and add new non-transmission facilities to transmission poles and other structures they own, provided that such non-transmission facilities do not interfere with the operation of the transmission system and are operated subordinate to GridFlorida's authority to place the associated transmission facilities into or out of service.

Each PO shall maintain and repair its facilities, subject to the Operational Control of GridFlorida, at its own cost and expense. Except as provided in Sections 11.1 and 11.2, all casualty or other liability risks with respect to each PO's transmission facilities shall continue at all times to reside with that PO.

7.9 Emergencies

A situation in which a PO's electric facilities are in danger of suffering physical damage or in which injury or damage to persons or property is threatened is referred to herein as an "Emergency." All POs shall develop local operating rules, subject to GridFlorida review and approval, to govern the connection and disconnection of generation with Controlled Facilities and other actions to be taken in the event of an Emergency. The local operating rules shall include rules, procedures and protocols that are intended to ensure the safety of personnel operating or performing work or tests on transmission facilities. In the event of an Emergency, a PO may take any action consistent with the local operating rules as it deems necessary without first obtaining the permission of GridFlorida,

provided that the PO shall inform GridFlorida of the Emergency and the action taken as soon as practicable, and shall follow any subsequent instructions of GridFlorida regarding the Emergency.

7.10 Agency Agreement

Each PO shall enter into an Agency Agreement with GridFlorida. The Agency Agreement shall authorize GridFlorida to grant transmission service requests on behalf of POs for the provision of transmission service for Eligible Customers under the GridFlorida OATT over PO facilities that are not Controlled Facilities, and shall provide for the collection of a separate charge related to service over non-Controlled Facilities.

7.11 Avoidance Of Damage

The PO and its directors, officers, employees, and agents shall use their individual and collective ~~best~~commercially reasonable efforts to avoid damage to the Controlled Facilities or any property of GridFlorida affected by the PO's activities.

7.12 Standards Of Performance

The PO shall exercise its rights and responsibilities hereunder in accordance with Good Utility Practice and shall conform to applicable reliability guidelines, policies, standards, rules, regulations, orders, license requirements and all other requirements of the NRC, NERC, FRCC or their successors, and all applicable requirements of federal or state laws or regulatory authorities.

8 RATES AND DISTRIBUTION OF REVENUES

8.1 Rate Filings By GridFlorida

In connection with its administration of the GridFlorida OATT, GridFlorida may unilaterally file at the FERC pursuant to Section 205 of the Federal Power Act such transmission pricing for transmission service as GridFlorida deems appropriate and may unilaterally file at the FERC pursuant to Section 205 of the Federal Power Act such changes in prices, pricing methods, terms, and conditions as GridFlorida deems to be appropriate; provided, however, that (i) the rates filed by GridFlorida must permit, (A) at a minimum, the full recovery of the then-effective annual transmission revenue requirement of each PO established pursuant to the GridFlorida OATT, plus any properly-approved stranded cost recovery charge for each PO, plus (B) coverage of GridFlorida's cost of performing its duties under this Agreement; and (ii) the transmission pricing must be consistent with the GridFlorida OATT.

8.2 Rate Filings By POs

8.2.1 Each PO shall have the right at any time to make a unilateral filing at FERC, consistent with the GridFlorida OATT, to establish the annual transmission revenue requirement payable to the PO by GridFlorida.

8.2.2 Nothing in this Agreement shall restrict any rights, to the extent such rights exist, of a PO that is or may become a party to a merger, acquisition, or other restructuring transaction to make filings under Sections 205 and/or 206 of the Federal Power Act with respect to the reallocation or redistribution of the PO's revenues or the assignment of the PO's rights or obligations, to the extent the FPA requires such filings.

8.3 Collection And Distribution Of Revenues

GridFlorida shall ~~collect the PO's FERC-approved~~collect, on behalf of the POs, the PO's revenue requirement approved, accepted, or otherwise made effective by the FERC, and any other ~~FERC-approved amounts~~amounts approved, accepted, or otherwise made effective by the FERC that are collected through GridFlorida rate schedules ~~on behalf of the POs~~. All revenues received by GridFlorida for transmission service under the GridFlorida OATT shall be held, used, managed, and distributed in accordance with the revenue distribution protocols set forth in the GridFlorida OATT. GridFlorida does not guarantee that a PO will receive a return of or on any investment the PO may make in Controlled Facilities.

To the extent that FERC determines that a portion of the revenue requirements of a PO, including a PO that is not a public utility under the FPA, collected under the GridFlorida OATT must be refunded to transmission customers, the PO shall refund any such amounts, including any interest calculated in accordance with FERC's order, to GridFlorida no later than three days prior to the date refunds are due to transmission customers. If the PO does not make such payments within the specified time-frame, GridFlorida may withhold monthly payments to the PO of the PO's revenue requirement provided for under the GridFlorida OATT. GridFlorida shall promptly refund to the transmission customer any such collected rates, including interest, that are refunded to GridFlorida by the PO.

8.4 Stranded Costs

A PO may seek to recover stranded costs in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, a PO must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act and/or applicable state law (depending on whether the stranded costs are related to wholesale or retail transactions). If the FERC approves stranded cost charges to be recovered through schedules to be implemented by GridFlorida, GridFlorida, as agent, shall charge and collect the applicable charge(s) and

distribute the amounts directly to the PO.

8.5 Reimbursement Of Start-Up Costs

Upon transfer of Operational Control, GridFlorida shall reimburse the POs for all costs associated with the start-up and establishment of GridFlorida, plus interest. Such costs are described in Schedule 10 of the GridFlorida OATT. In the event that FERC disallows the recovery of a portion of the start up costs that were submitted to GridFlorida by the PO, then that PO agrees to refund GridFlorida for the disallowed cost, including any interest calculated in accordance with FERC's order, to GridFlorida no later than three days prior to the date refunds are due to transmission customers. GridFlorida shall exercise ~~best~~commercially reasonable efforts to obtain FERC approval for the recovery of start-up cost submitted to it by the PO.

9 WITHDRAWAL OF FACILITIES

9.1 Right To Withdraw Facilities

Upon submission of a written notice of withdrawal to GridFlorida, a PO may commence a process of withdrawal of a portion of or all of its facilities from the Controlled Facilities and the termination of its Agency Agreement. Such withdrawal shall not be effective until the later of (a) twelve (12) months after such notice is given, or (b) the effective date of all federal or state regulatory approvals required to transfer control of the transmission facilities back to the PO and all other regulatory approvals necessary to effectuate such withdrawal. A PO may withdraw immediately upon receipt of all necessary regulatory approvals without ~~withdrawal, provided that~~ providing 12 months' notice (i) in the event that a PO commences withdrawal procedures under this Section 9 in connection with the divestiture of its transmission facilities to GridFlorida; or (ii) with respect to the withdrawal of certain of a PO's facilities as a result of the termination, revocation, or reversal of an IRS ruling or favorable opinion of nationally recognized bond counsel obtained pursuant to Section 7.7.3 of this Agreement that transferring Operational Control over such facilities will not have adverse tax consequences, or as a result of the issuance of an IRS Ruling or change in law, regulation or policy such that the PO is ~~GridFlorida~~ unable to obtain the unqualified opinion referenced in Section 7.7.3 of this Agreement. The waiver of the 12-month notice ~~shall not be required.~~ provision under paragraph (ii) above applies only to the withdrawal of those facilities that are the subject of the IRS ruling and/or opinion of bond counsel or changed law, regulation or policy.

At such time as the withdrawal is effective, the PO will no longer be bound by this Agreement, except as provided in Section 16.12 of this Agreement. In the event of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, pursuant to which substantially all of the PO's transmission facilities that are part of the Controlled Facilities are acquired by another entity, such acquiring entity

shall have the right to withdraw its facilities in accordance with the foregoing. Any withdrawing PO shall be subject to the provisions of Section 9 subsequent to the withdrawal.

9.2 Transmission Customers Held Harmless

Transmission Customers taking service that requires use of the transmission facilities of a withdrawing PO and that involves transmission contracts executed before the PO provided notice of its withdrawal shall continue to receive service for the remaining term of the contract at the same rates, terms, and conditions that would have been applicable if there were no withdrawal, unless such contracts are modified by FERC in accordance with its statutory authority or by agreement of the parties. GridFlorida shall continue to provide such transmission service on behalf of the withdrawing PO, and the PO shall receive no more in revenues for that service than if there had been no withdrawal by such PO.

9.3 Existing Obligations

All financial obligations incurred and payments applicable to time periods prior to the effective date of such withdrawal shall be honored by GridFlorida and the withdrawing PO.

9.4 Construction Of Facilities

Obligations of a withdrawing PO to construct new facilities pursuant to a plan of GridFlorida approved prior to such PO's withdrawal shall be renegotiated between GridFlorida and the withdrawing PO, so as to permit the Parties to effectuate, upon payment of appropriate compensation, the construction and ownership of any facilities necessary for GridFlorida to satisfy its obligations under GridFlorida OATT and Planning and Operating Protocols subsequent to the PO's withdrawal. If such obligations cannot be resolved through negotiations, they shall be resolved in accordance with Section 14.

9.5 Other Obligations

Other obligations between GridFlorida and the withdrawing PO shall be renegotiated between GridFlorida and the withdrawing PO, so as to permit the Parties to satisfy, upon payment of appropriate compensation, their obligations under the GridFlorida OATT and Planning and Operating Protocols subsequent to the PO's withdrawal. If such obligations cannot be resolved through negotiations, they shall be resolved in accordance with Section 14.

9.6 Regulatory And Other Approvals Or Procedures

The withdrawal by a PO of its facilities from GridFlorida shall be subject to all applicable federal and state regulatory approvals, and shall not be effective until

all such approvals are obtained.

10 ADDITION OF NEW POs

Additional TOs may be added as new POs, upon the satisfaction of each of the following conditions:

10.1 This Agreement is amended by having the new TO added as a PO, a new Appendix is added to this Agreement that lists the transmission facilities being transferred to GridFlorida's Operational Control, and the TO agrees to be bound by this Agreement.

10.2 GridFlorida and the TO shall have executed an Agency Agreement, and, if applicable, the FERC shall have issued an order or orders allowing the Agency Agreement to go into effect.

10.3 To the best of GridFlorida knowledge and belief, the TO shall have in place all means reasonably necessary to carry out its obligations under this Agreement, including completion of necessary testing and verification.

10.4 Ten days' notice is provided by GridFlorida to the TO subsequent to the receipt of all necessary FERC approvals, that GridFlorida is ready to commence operating that TO's transmission facilities as Controlled Facilities.

11 LIABILITY AND INDEMNIFICATION

11.1 Liability And Indemnification For Acts Or Omissions Of GridFlorida

GridFlorida shall release, indemnify, and hold harmless the PO from and against all liabilities, damages, losses, claims, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising from GridFlorida 's performance or neglect of GridFlorida's obligations including acts of the POs pursuant to the direction of, or written procedures providing specific direction from GridFlorida, whether arising from a finding of negligence, strict liability or other fault or responsibility, under this Agreement, except in cases where, and only to the extent that the negligence or intentional wrongdoing of a PO, its directors, officers, employees or agents contributes to the claimed injury or damage.

11.2 Liability And Indemnification For Acts or Omissions of the PO

To the extent, if any, permitted by law, each PO shall release, indemnify, and hold harmless GridFlorida from and against all liabilities, damages, losses, claims, demands, suits, recoveries, costs and expenses, court costs,

attorney fees, and all other obligations by or to third parties, arising from PO's performance or neglect of the PO's obligations, whether arising from a finding of negligence, strict liability or other fault or responsibility, under this Agreement, other than those non negligent actions taken pursuant to the direction of, or written procedures providing specific direction from GridFlorida, except in cases where, and only to the extent that the negligence or intentional wrongdoing of GridFlorida, its directors, officers, employees or agents, contributes to the claimed injury or damage.

11.3 Limitation Of Liability Related To Sovereign Immunity

The liability of a Party to a PO with sovereign immunity under Section 768.28 of the Florida Statutes, shall be capped at the same dollar amounts set forth in Section 768.28 as such statutory provisions shall be amended from time to time, or, if a PO with sovereign immunity carries insurance in excess of such statutory dollar amounts, at the same limits as those of such excess coverage.

11.4 Limitation Of Liability For Indirect, Incidental Or Consequential Damages

The Parties shall not be liable to each other for any indirect, incidental or consequential damages arising out of the Parties performance of its obligations under this Agreement, except to the extent of any indemnification arising out of third party claims.

11.5 Filings To Revise Liability Provisions

The Parties agree not to file a request under Section 205 and/or 206 of the FPA to revise the provisions in this Agreement or the GridFlorida OATT related to indemnification and liability unless the Parties to this Agreement mutually agree to such revisions.

11.6 Insurance

11.6.1 Except as otherwise specified in Section 11.6.7 herein, GridFlorida shall be required, at its own expense, to maintain in effect at all times insurance coverage with limits not less than those set forth below. Failure of GridFlorida to maintain adequate coverage required herein shall not relieve GridFlorida of any contractual responsibility or obligation set forth herein.

11.6.1.1 Statutory Workers' Compensation and Employer's Liability with minimum limits of $1,000,000 per occurrence.

11.6.1.2 Commercial General Liability with minimum limits of

$1,000,000 each occurrence for bodily injury (including death) or property damage. The policy shall contain a "severability of interest" endorsement, broad form property damage endorsement and broad form contractual liability coverage.

11.6.1.3 Business Automobile Liability with minimum limits of $1,000,000 each occurrence for bodily injury (including death) or property damage.

11.6.1.4 Umbrella or Excess Liability with minimum limits of $20,000,000 in excess of coverages required under 11.6.1.2 and 11.6.1.3. The Umbrella or Excess Liability should be on a following form basis.

11.6.2 Except as provided in 11.1 and 11.2 herein, each Party shall bear the risk of loss for damage to or loss of its own property. Parties shall maintain all risk property coverage or self insurance consistent with prudent utility practices with deductibles reasonably commercially available.

11.6.3 Each Party shall release and waive and require its insurance carriers to release and waive, all rights of subrogation against the other Parties, their parent companies, directors, officers, agents and affiliates.

11.6.4 In the event coverage required under this Section 11 is on a "claims made" basis, the retroactive date of the policies shall be the effective date of this Agreement. Furthermore, if the policy is on a "claims made" basis, the providing of such coverage shall survive the termination of this Agreement until the expiration of the maximum statutory period of limitations in the State of Florida. The policies shall not be cancelled or materially altered without at least 30 days written notice to the other Parties.

11.6.5 Except as otherwise specified in Section 11.6.7 herein, each PO shall be required, at its own expense, to maintain in effect at all times insurance coverage with limits not less than those set forth below. Failure of a PO to maintain adequate coverage required herein shall not relieve the PO of any contractual responsibility or obligation set forth herein.

11.6.5.1 Statutory Workers' Compensation and Employer's Liability with minimum limits of $1,000,000 per occurrence.

11.6.5.2 Commercial General Liability with minimum limits of $1,000,000 each occurrence for bodily injury (including death) or property damage. The policy shall contain a "severability of interest" endorsement, broad form property damage endorsement and broad form contractual liability coverage.

11.6.5.3 Business Automobile Liability with minimum limits of $1,000,000 each occurrence for bodily injury (including death) or property damage.

11.6.5.4 Umbrella or Excess Liability with minimum limits of $20,000,000 in excess of coverages required under 11.7.5.2 and 11.7.5.3. The Umbrella or Excess Liability should be on a following form basis.

11.6.6 Upon request either Party shall furnish evidence of insurance or demonstrate its financial ability to self insure to another Party.

11.6.7 Parties shall have the ability to self insure any of the obligations in Section 11.6, in a manner that is consistent with prudent utility practices.

11.7 No Agency Relationship Intended

The Parties agree that for purposes of Section 11, no Party shall be deemed to be the agent of another Party.

12 INSPECTION AND AUDITING

12.1 Inspection And Auditing Of GridFlorida

GridFlorida shall grant each PO such access to GridFlorida's books and records as is necessary to verify and audit compliance by GridFlorida with this Agreement. Such access shall be granted in a manner consistent with the Code of Conduct and at reasonable times during business hours and under reasonable conditions with a minimum of 48 hours notice. GridFlorida shall also comply with the accounting, record keeping and reporting requirements of federal and state regulatory authorities (including, but not limited to, the State of Florida) having jurisdiction over GridFlorida with respect to the business aspects of its operations and shall provide to each PO, at a minimum, quarterly and annual reports regarding the activities of GridFlorida. Contacts between officers, employees, and agents of any PO and those of GridFlorida pursuant to this Section shall be strictly limited to the purposes of this Section and shall comply with the applicable Code of Conduct and Information Policy.

12.2 Inspection And Auditing Of POs

Each PO shall grant GridFlorida such access to the PO's books and records as is necessary (i) to verify and audit compliance by the PO with this Agreement and (ii) for GridFlorida to perform its obligations under this Agreement. Such access shall be at reasonable times during business hours and under reasonable conditions with a minimum of 48 hours notice. The PO shall also comply with the accounting and reporting requirements of any federal or state regulatory authorities (including, but not limited to, the State of Florida) having jurisdiction over the PO with respect to aspects of GridFlorida's business operations. Contacts between officers, employees, and agents of GridFlorida and those of the PO pursuant to this Section shall be strictly limited to the purposes of this Section and shall conform to GridFlorida's Code of Conduct and Information Policy.

13 PERFORMANCE OF REGULATORY OBLIGATIONS

13.1 FERC

13.1.1 GridFlorida shall have responsibility for meeting FERC regulatory obligations related to formation, governance and operation of GridFlorida and the provision of transmission service under the GridFlorida OATT in compliance with FERC Order No. 2000, and other FERC orders and regulations regarding RTOs.

13.1.2 Each PO shall have responsibility for meeting applicable FERC regulatory obligations including those related to establishment of the annual transmission revenue requirement associated with the PO transmission facilities under Operational Control of GridFlorida.

13.1.3 With respect to FERC regulatory obligations not identified in Subsections 13.1.1 and 13.1.2 of this Agreement, FPSC regulatory obligations, and regulatory obligations imposed by other regulatory authorities, GridFlorida and each PO shall coordinate their actions to the extent practicable, and in accordance with Section 16.15.

14 DISPUTE RESOLUTION

Any disputes arising under this Agreement shall be resolved in accordance with the same procedures as provided for in the Dispute Resolution Procedures contained in the GridFlorida OATT. Nothing in this Section is intended to restrict or expand existing federal or state laws or regulations.

15 REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to the other Parties as follows:

15.1 It is duly organized, validly existing, and in good standing under the laws of the jurisdiction where organized, is qualified to do business in the jurisdictions necessary to perform this Agreement, and has all requisite corporate and/or legal power and authority to own, lease, and operate its material assets and to carry on its business as it is now being conducted.

15.2 It has full corporate and/or legal power and authority to execute, deliver, and perform under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite action, and do not conflict with any applicable law, any of the terms or conditions of its governing documents, or with any other binding agreement.

15.3 It has duly executed and delivered this Agreement and, assuming that this Agreement is duly and validly executed and delivered by the other Parties, this Agreement constitutes the legal, valid, and binding obligation of the Party enforceable against it in accordance with its terms except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws affecting the enforcement of creditor's rights generally, and by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity.

15.4 It has obtained or, by the Effective Date will have obtained, all regulatory authorizations and approvals necessary for it to legally perform its obligations under this Agreement. As to any entity that requires approval of the Administrator of the Rural Utilities Service ("RUS"), the provisions of this Agreement and of any subsequent amendment(s) are subject to the approval of the Administrator of the RUS. Such entity will be responsible for obtaining approval of this Agreement from the RUS and will seek to obtain such approval promptly.

15.5 There are no bankruptcy, insolvency, reorganization, receivership, or other similar proceedings pending or being contemplated by it or to its knowledge threatened against it.

15.6 There are no actions at law, suits in equity, proceedings, or claims pending or, to its knowledge, threatened against it before or by any federal, state, foreign, or local court, tribunal, or governmental agency or authority that might materially delay, prevent, or hinder the performance of its obligations hereunder.

15.7 It is not in violation of any applicable laws, statute, order, rule, regulation or judgment promulgated or entered by any federal, state or local governmental authority that reasonably could be expected to materially

affect the performance of its obligations hereunder.

16 MISCELLANEOUS PROVISIONS

16.1 Confidentiality

All documents and information exchanged by the Parties in connection with this Agreement shall be handled in accordance with the GridFlorida Information Policy and applicable law.

16.2 Descriptive Headings

The descriptive headings of Sections, subsections and other provisions of this Agreement have been inserted for convenience of reference only and shall not define, modify, restrict, construe, or otherwise affect the construction or interpretation of any of the provisions of this Agreement.

16.3 Governing Law And Jurisdiction

This Agreement shall be interpreted, construed, and governed by the laws of the State of Florida, except to the extent preempted by the laws of the United States of America. With respect to any claim or controversy arising from this Agreement or performance hereunder within the subject matter jurisdiction of the federal courts located in Florida or the state courts of the State of Florida, the Parties agree that no other federal civil court or state court will have jurisdiction or venue, except on appeal.

16.4 Successors And Assigns

This Agreement shall inure to the benefit of, and be binding upon, each of the Parties, their respective successors and assigns permitted hereunder. This Agreement shall not be assigned by any Party, by operation of law or otherwise, without the prior approval of the other Parties, which shall not be unreasonably withheld or delayed; provided, however, that such approval shall not be necessary in the case of an assignment to a successor in the ownership of a PO's Controlled Facilities by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all such Controlled Facilities are acquired by such successor and such successor becomes a PO under this Agreement, agrees to be bound by this Agreement, and executes and delivers to GridFlorida such documents as may be necessary to accomplish the foregoing; provided, further, that such approval shall not be necessary in the case of GridFlorida assigning its rights and obligations under this Agreement to another Commission-approved RTO. Where the approval of a Party is required for an assignment, such Party shall take into account the FERC policies regarding the scope of RTOs. Notwithstanding any other provision of this Section, the interest of any entity subject to the jurisdiction of the RUS may be assigned, transferred,

mortgaged or pledged by said entity without any other Party's consent only for the purpose of creating a security interest for the benefit of the United States of America, acting through the RUS (and thereafter the RUS, without the approval of any Party, may cause the RUS's interest in this Agreement to be sold, assigned, transferred or otherwise disposed of to a third party).

16.5 No Implied Waivers

The failure of a Party to insist upon or enforce strict performance of any of the specific provisions of this Agreement at any time shall not be construed as a waiver or relinquishment to any extent of that Party's right to assert or rely upon any such provisions, rights, or remedies in that or any other instance, or as a waiver to any extent of any specific provision of this Agreement; rather, the same shall be and remain in full force and effect.

16.6 Severability

Except for Section 9 of this Agreement, each provision of this Agreement shall be considered severable, and if for any reason any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, then the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision shall be replaced with a suitable and equitable provision pursuant to Section 16.7 of this Agreement in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid, void, or unenforceable provision.

16.7 Renegotiation

If any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, then the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the Parties under this Agreement immediately prior to such holding, modification, or condition. If such negotiations are unsuccessful, then the Parties may exercise their withdrawal or termination rights available under this Agreement.

16.8 Further Assurances

Each Party agrees that it shall hereafter execute and deliver such further instruments, provide all information, and take or forbear such further acts and things as may be reasonably required and useful to carry out the intent and

purpose of this Agreement and as are not inconsistent with the provisions of this Agreement.

16.9 Notices

Except as otherwise expressly provided herein, notices required or permitted under this Agreement shall be in writing and shall be sent by first class U.S. mail, overnight courier, hand delivery, facsimile, or other reliable electronic means. Any notice required under this Agreement shall be deemed to have been given either upon delivery, if by U.S. mail, overnight courier, or hand delivery, or upon confirmation, if given by facsimile or other reliable electronic means. Notices shall be given to the persons specified in Appendix A to this Agreement.

16.10 Force Majeure

A Party shall not be considered to be in default or breach under this Agreement, and shall be excused from performance or liability for damages to any other Party, if and to the extent, and only for so long as, it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, except the obligation to pay any amount when due, arising directly out of or resulting directly from any act, omission, or circumstance occasioned by any act of God, labor disturbance, failure of contractors or suppliers of materials, act of the public enemy, war, invasion, insurrection, riot, fire, storm, flood, ice, explosion, breakage or accident to machinery or equipment, or in consequence of any other cause or causes beyond such Party's reasonable control, including any curtailment, order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities, or by the making of repairs necessitated by an emergency circumstance not limited to those listed above upon the property or equipment of a Party or Parties. Nothing contained in this Section shall relieve any entity of the obligations to make payments when due hereunder. Any Party claiming a force majeure event shall use all commercially reasonable efforts to remove the condition that prevents performance, except the settlement of any labor disturbance shall be in the sole judgment of the affected Party.

16.11 Claims By Employees

A Party shall be solely responsible for, and shall bear all of the costs of, claims by its own employees, contractors, or agents arising under and covered by any workers' compensation law. A Party shall furnish, at its sole expense, such insurance coverage and such evidence thereof, or evidence of self-insurance, as is reasonably necessary to meet its obligations under this Agreement.

16.12 Survival

The following provisions of this Agreement shall survive the termination of this Agreement in accordance with their terms: 6.14, 9, 11 and 16.1.

16.13 Entire Agreement

This Agreement and the documents incorporated by reference and made part of this Agreement constitute the entire agreement among the Parties with respect to the subject matter of this Agreement, and no previous or contemporary oral or written representations, agreements, or understandings made by any officer, agent, or employee of any PO or of GridFlorida shall be binding unless contained in this Agreement or the documents incorporated by reference and made part of this Agreement.

16.14 Amendments

16.14.1 Amendments To This Agreement

This Agreement shall not be amended without the written agreement of all the Parties, except for amendments regarding the admission of new POs provided for in Section 16.15.2 of this Agreement. Except as provided in Section 11.5 herein, Parties do not hereby waive their FPA Section 206 rights to seek changes to this Agreement.

16.14.2 Addition Of New POs

Any amendment pursuant to Section 10 of this Agreement regarding the addition of a new PO need only be executed by GridFlorida and the new PO.

16.15 Cooperation

To the extent that the jurisdiction of any federal or state regulatory authority applies to any part of this Agreement and/or the transactions or actions covered by this Agreement, the Parties shall cooperate with each other to secure any necessary or desirable approval or acceptance of such regulatory authorities of such part of this Agreement and/or such transactions or actions. In addition, the Parties agree to cooperate with each other in order to minimize the tax obligations of a Party which may arise out of its performance of this Agreement, while at the same time securing all necessary and desirable regulatory approvals.

16.16 Good Faith Efforts

Where the consent, agreement, or approval of a Party must be obtained hereunder, such consent, agreement, or approval shall not be unreasonably withheld, conditioned, or delayed. Where a Party is required or permitted to act, or omit to act, based on its opinion or judgment, such opinion or judgment shall not be unreasonably exercised. To the extent that the jurisdiction of any federal or state regulatory authority applies to any part of this Agreement and/or the transactions

or actions covered by this Agreement, the Parties shall cooperate with all other Parties to secure any necessary or desirable approval or acceptance of such regulatory authorities of such part of this Agreement and/or such transactions or actions.

16.17 Third-Party Agreements

16.17.1 To the extent that a PO is party to any contracts with third parties that materially affect Controlled Facilities being transferred from the PO to GridFlorida, including contracts with third parties that provide for the joint ownership, operation, or maintenance of Controlled Facilities, the PO shall notify GridFlorida of such contracts and the PO and GridFlorida shall negotiate between themselves and with the third parties to effectuate any amendments, assignments, consents or other actions with respect to such contracts, including any appropriate compensation therefor, as may be necessary to allow the PO and GridFlorida to perform under this Agreement. Disputes between the PO and GridFlorida not resolved by negotiations under this Section shall be resolved in accordance with the Dispute Resolution Procedures.

16.17.2 This provision is not intended to govern the manner in which Existing Transmission Agreements will be administered upon transfer of Operational Control.

16.18 No Third Party Rights

Nothing in this Agreement, express or implied, is intended to confer on any person, other than the Parties hereto, any rights or remedies under or by reason of this Agreement.

16.19 No Partnership, Joint Venture Or Lease

This Agreement is not intended, and shall not be construed, interpreted or applied, to create a partnership or joint venture. This Agreement is also not intended, and shall not be construed, interpreted or applied, to create a lease or other similar arrangement. Instead, it is intended that each PO shall be the legal and equitable owner of its transmission facilities with each PO having retained GridFlorida to exercise Operational Control over its transmission facilities that constitute Controlled Facilities in accordance with and subject to the terms of this Agreement. The obligations of the Parties arising out of or in connection with this Agreement shall be several and not joint.

16.20 Remedies

The Parties agree that remedies at law are inadequate to protect their interests and that irreparable damage may occur in the event that any of the provisions of this Agreement are not performed by the Parties in accordance with their specific terms or are otherwise breached. Accordingly, it is agreed that the Parties, individually or in conjunction with one or more other Parties, shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and specific performance to enforce specifically the terms and provisions thereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which the Parties are entitled at law or in equity.

16.21 Rights Or Obligations Between Or Among POs

The Parties agree that nothing in this Agreement is intended to confer or take away any rights or obligations between or among the POs.

16.22 Documents Incorporated By Reference

The following documents are incorporated by reference and made part of this Agreement: GridFlorida OATT, and Information Policy.

16.23 Counterparts

This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all of the Parties, and this Agreement shall be binding upon all the Parties with the same force and effect as if all the Parties had signed the same document, and each such signed counterpart shall constitute an original of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement.

On Behalf of GridFlorida	On Behalf of PO # 1
On Behalf of PO #2	On Behalf of PO # 3

EXHIBIT A

LIST OF [PO #1] CONTROLLED FACILITIES

EXHIBIT B

LIST OF [PO #2] CONTROLLED FACILITIES

EXHIBIT C

LIST OF [PO #3] CONTROLLED FACILITIES

SUPPLEMENTAL SERVICES AGREEMENT

This Supplemental Services Agreement is entered into by and among the undersigned Participating Owners and Divesting Owners and GridFlorida LLC ("GridFlorida") (collectively referred to as "Parties " and individually referred to as a "Party ").

WHEREAS, pursuant to Commission Order No. 2000, a number of transmission owners in the State of Florida have decided to create GridFlorida, which will be the Regional Transmission Organization for Peninsular Florida; and

WHEREAS, GridFlorida must act as the provider of last resort for certain services under the GridFlorida Transmission Tariff, including Regulation and Frequency Response Service ("Regulation Service "), Operating Reserve - Spinning Reserve Service ("Spinning Reserves"), and Operating Reserve - Supplemental Reserve Service ("Non-Spinning Reserves") (Spinning Reserves and Non-Spinning Reserves collectively referred to as "Operating Reserves"); and

WHEREAS, GridFlorida will not own generation facilities that will permit it to directly provide Regulation Service and Operating Reserves to Transmission Customers under the GridFlorida Transmission Tariff; and

WHEREAS, markets for Regulation Service and Operating Reserves that would satisfy GridFlorida's obligation to act as the provider of last resort for such Services may not be available initially upon GridFlorida operations; and

WHEREAS, the Parties wish to enter into arrangements that will permit GridFlorida to act as provider of last resort for such Services;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the Parties do hereby agree with each other, for themselves and their successors and assigns, as follows:

1 Purpose of the Agreement

The purpose of this Agreement is to establish the rates, terms, and conditions pursuant to which Participating Owners and Divesting Owners will provide Regulation Service and Operating Reserves to the Transmission Provider to permit the Transmission Provider to act as provider of last resort for such services under the GridFlorida Transmission Tariff.

2 Definitions

2.1 For all purposes of this Agreement, capitalized terms not otherwise defined herein shall have the meanings set forth in the GridFlorida Transmission Tariff.

2.2 Wherever used in this Agreement, and unless the context otherwise requires, the following terms shall have the following meanings:

Agreement: This Supplemental Services Agreement.

Effective Date: The later of the date that (a) the Commission shall have issued an order accepting this Agreement or (b) a Service Provider and GridFlorida execute this Agreement.

GridFlorida Transmission Tariff: The Commission-approved Open Access Transmission Tariff applicable to the provision of transmission service by GridFlorida, as the same may be amended from time to time.

NERC: The North American Electric Reliability Council and any successor entity.

Service Commencement Date: The date GridFlorida begins to provide service under the GridFlorida Transmission Tariff.

Service Provider: A Participating Owner or Divesting Owner providing Services under this Agreement.

Service Termination Date: The Service Termination Date for a Service shall be the date that either (i) GridFlorida no longer is obligated to act as provider of last resort for such Service under the GridFlorida Transmission Tariff or (ii) the date GridFlorida is able to satisfy its obligation to act as provider of last resort for such Service under the Gridflorida Transmission Tariff without the need for this Agreement, including through the establishment of a market for such Service.

Service Zone: (i) the Service Provider's Internal Control Area or (ii) the geographic boundaries of the Service Provider's Control Area at such time that the Service Provider transferred Control Area functions to GridFlorida.

Services: Regulation Service, Spinning Reserves, and Non-Spinning Reserves each is a Service and collectively are the "Services."

3 Term of Agreement

3.1 This Agreement shall become effective upon the Effective Date and, except as otherwise provided herein, shall continue in effect with regard to a Service Provider until the Service Termination Date of each Service provided by that Service Provider.

3.2 This Agreement shall terminate for an individual Participating Owner on the date the PO Management Agreement terminates for such Participating Owner, unless otherwise mutually agreed by GridFlorida and the Participating Owner.

4 Provision of Services

4.1 Beginning on the Service Commencement Date, each Service Provider shall provide Regulation Service and Operating Reserves to GridFlorida in accordance with this Agreement. A Service Provider's obligation to provide a Service hereunder shall terminate upon the Service Termination Date for such Service.

4.2 Services will be available under this Agreement only in conjunction with Transmission Service under the GridFlorida Transmission Tariff.

4.3 A Service Provider's obligation to supply Regulation Service and Operating Reserves under this Agreement will not be greater than the obligation such Service Provider would have under an individual company transmission tariff had GridFlorida not been established. A Service Provider is required to provide

Services to GridFlorida only to permit GridFlorida to provide such services to a Transmission Customer serving load within that Service Provider's Service Zone, and only in amounts necessary to serve the load located within that Service Provider's Service Zone.

4.4 Each Service Provider's rates for Services are included in the Attachments hereto. Each Service Provider shall have the right unilaterally to amend its charges for the Services, provided such amended charges have been accepted for filing by the Commission.

4.4.1 A Service Provider may discount any charge applicable to Services. Three principal requirements apply to discounts for Services as follows (1) any offer of a discount made must be announced to all Eligible Customers solely by posting on GridFlorida's OASIS, (2) any Transmission Customer-initiated requests for discounts (including requests for use by a Service Provider's wholesale merchant or an affiliate's use) must occur solely by posting on GridFlorida's OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. GridFlorida shall convey any request for a discount submitted by a Transmission Customer or Eligible Customer to the applicable Service Provider(s), and shall post on its OASIS all other information required under this Section 4.4.1.

4.4.2 Any energy produced by a Service Provider in connection with providing a Service shall be paid for at the balancing energy price established pursuant to Attachment P to the GridFlorida Transmission Tariff.

4.5 All service under this Agreement shall be provided consistent with, and shall be subject to, Good Utility Practice and NERC and FRCC standards. A Service Provider shall not be required to take any action:

4.5.1 that it reasonably deems to pose a risk of (i) injury to persons; (ii) damage to facilities or other property; or (iii) violation of NERC or FRCC standards and requirements; or

4.5.2 that would violate the terms of (i) any applicable permits issued by a governmental authority; (ii) any applicable Federal, state, or local laws, ordinances, or regulations; or (iii) any contractual obligations incurred prior to the date of this Agreement.

4.6 The Parties will develop mutually acceptable procedures that will allow GridFlorida to reserve and schedule Services hereunder in such a manner that will permit GridFlorida to satisfy its obligation as provider of last resort for the Services under the GridFlorida Transmission Tariff.

4.7 Nothing in this Agreement obligates GridFlorida to purchase any Service from a Service Provider. GridFlorida may at its discretion choose to satisfy its provider of last resort obligation by entering into alternative agreements with any other entity or any of the Service Providers.

5 Rates, Billing, and Payment

5.1 Within a reasonable time after the first day of each month, each Service Provider shall submit an invoice consistent with the billing procedures below to GridFlorida for the charges for all Services furnished under the Agreement during the preceding month. The Transmission Provider shall pay the Service Provider for service under this Agreement within twenty (20) days of receipt of such invoice. Said payments shall be made in immediately available U.S. funds payable to the Service Provider, or by wire transfer to a bank named by the Service Provider.

5.1.1 Interest on any unpaid amounts owed to a Service Provider (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Service Provider.

5.1.2 In the event GridFlorida fails, for any reason other than a billing dispute as described below, to make payment to the Service Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Service Provider notifies GridFlorida to cure such failure, a default by GridFlorida shall be deemed to exist. Upon the occurrence of a default, the Service Provider may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between the Service Provider and GridFlorida, the Service Provider will continue to provide service as long as GridFlorida (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If GridFlorida fails to meet these two requirements for continuation of service, then the Service Provider may provide notice to GridFlorida of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

5.2 To the extent the Commission determines that a portion of the charges under this Agreement must be refunded, the Service Provider shall refund any such amounts to GridFlorida, including any interest calculated in accordance with the Commission's order, no later than three days prior to the date refunds are due to Transmission Customers. If the Service Provider does not make such payments within the specified time-frame, GridFlorida may withhold any monthly payments to the Service Provider provided for under the GridFlorida Transmission Tariff. GridFlorida shall promptly refund to the Transmission Customer any such collected rates, including interest, that are refunded to GridFlorida by the Service Provider.

5.3 In connection with its administration of the GridFlorida Transmission Tariff, GridFlorida may unilaterally file at the Commission pursuant to the Federal Power Act such pricing for Regulation Service and Operating Reserves as GridFlorida deems appropriate and may unilaterally file at the Commission pursuant to the Federal Power Act such changes in prices, pricing methods, terms,

and conditions as GridFlorida deems to be appropriate; provided, however, that the rates filed by GridFlorida must permit, at a minimum, the full recovery of the charges under this Agreement.

6 Credit Standards

GridFlorida shall employ and enforce commercially reasonable and not unduly discriminatory creditworthiness standards to minimize or avoid loss of revenues through non-payment for Services.

7 Force Majeure and Indemnification

7.1 A Party will not be considered in default as to any obligation under this Agreement if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Agreement.

7.2 GridFlorida shall at all times indemnify, defend, and save each Service Provider, harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Service Provider's obligations under this Agreement, except in cases of negligence or intentional wrongdoing by the Service Provider.

7.3 A Service Provider's liability for claims related to service provided or actions taken under this Agreement shall be as provided in Florida law as applied to electric utilities with respect to indirect, consequential and incidental damages.

8 Dispute Resolution

Any disputes arising under this Agreement shall be resolved in accordance with the dispute resolution procedures contained in the GridFlorida Transmission Tariff. Nothing in this Section is intended to restrict or expand existing federal or state laws or regulations.

9 Representations and Warranties

Each Service Provider represents and warrants to GridFlorida and GridFlorida represents and warrants to each Service Provider as follows:

9.1 It is duly organized, validly existing, and in good standing under the laws of the jurisdiction where organized, is qualified to do business in the jurisdictions necessary to perform this Agreement, and has all requisite corporate and/or legal power and authority to own, lease, and operate its material assets and to carry on its business as it is now being conducted.

9.2 It has full corporate and/or legal power and authority to execute, deliver, and perform under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly and

validly authorized by all requisite action, and do not conflict with any applicable law, any of the terms or conditions of its governing documents, or with any other binding agreement.

9.3 It has duly executed and delivered this Agreement and, assuming that this Agreement is otherwise duly and validly executed and delivered, this Agreement constitutes the legal, valid, and binding obligation of the Party enforceable against it in accordance with its terms except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws affecting the enforcement of creditor's rights generally, and by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity.

9.4 There are no bankruptcy, insolvency, reorganization, receivership, or other similar proceedings pending or being contemplated by it or to its knowledge threatened against it.

9.5 There are no actions at law, suits in equity, proceedings, or claims pending or, to its knowledge, threatened against it before or by any federal, state, foreign, or local court, tribunal, or governmental agency or authority that might materially delay, prevent, or hinder the performance of its obligations hereunder.

9.6 It is not in violation of any applicable laws, statute, order, rule, regulation or judgment promulgated or entered by any federal, state or local governmental authority that reasonably could be expected to materially affect the performance of its obligations hereunder.

10 Miscellaneous Provisions

10.1 Descriptive Headings

The descriptive headings of Sections, subsections and other provisions of this Agreement have been inserted for convenience of reference only and shall not define, modify, restrict, construe, or otherwise affect the construction or interpretation of any of the provisions of this Agreement.

10.2 Governing Law And Jurisdiction

This Agreement shall be interpreted, construed, and governed by the laws of the State of Florida, except to the extent preempted by the laws of the United States of America. With respect to any claim or controversy arising from this Agreement or performance hereunder within the subject matter jurisdiction of the federal courts located in Florida or the state courts of the State of Florida, the Parties agree that no other federal civil court or state court will have jurisdiction or venue, except on appeal.

10.3 Successors And Assigns

10.3.1 This Agreement shall inure to the benefit of, and be binding upon, each of the Parties, their respective successors and assigns permitted hereunder.

10.3.2 This Agreement shall not be assigned by a Service Provider, by operation

of law or otherwise, without the prior approval of GridFlorida, which shall not be unreasonably withheld or delayed; provided, however, that such approval shall not be necessary in the case of an assignment to a successor in the ownership of all or substantially all of the Service Provider's generation facilities by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all such generation facilities are acquired by such successor and such successor becomes a signatory to this Agreement, agrees to be bound by this Agreement, and executes and delivers to GridFlorida such documents as may be necessary to accomplish the foregoing; provided, further, that such approval shall not be necessary in the case of GridFlorida assigning its rights and obligations under this Agreement to another Commission-approved Regional Transmission Organization.

10.4 **No Implied Waivers**

The failure of a Party to insist upon or enforce strict performance of any of the specific provisions of this Agreement at any time shall not be construed as a waiver or relinquishment to any extent of that Party's right to assert or rely upon any such provisions, rights, or remedies in that or any other instance, or as a waiver to any extent of any specific provision of this Agreement; rather, the same shall be and remain in full force and effect.

10.5 **Severability**

If for any reason any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, then the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the Parties under this Agreement immediately prior to such holding, modification, or condition. If such negotiations are unsuccessful, then any Party may terminate its obligations hereunder, subject to any applicable regulatory approvals.

10.6 **Further Assurances**

Each Party agrees that it shall hereafter execute and deliver such further instruments, provide all information, and take or forbear such further acts and things as may be reasonably required and useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the provisions of this Agreement.

10.7 **Notices**

Except as otherwise expressly provided herein, notices required or permitted under this Agreement shall be in writing and shall be sent by first class U.S. mail, overnight courier, hand delivery, facsimile, or other reliable electronic means. Any notice required under this Agreement shall be deemed to have been given either upon delivery, if by U.S. mail, overnight courier, or hand delivery, or upon confirmation, if given by facsimile or other reliable electronic means. Notices shall be given to the persons specified in the Appendix hereto.

10.8 **Claims By Employees**

A Party shall be solely responsible for, and shall bear all of the costs of, claims by its own employees, contractors, or agents arising under and covered by any workers' compensation law.

10.9 **Survival**

Section 7 of this Agreement, and all payment obligations incurred prior to termination hereof, shall survive the termination of this Agreement in accordance with their terms.

10.10 **Entire Agreement**

This Agreement and any documents incorporated by reference and made part of this Agreement constitute the entire agreement among the Parties with respect to the subject matter of this Agreement, and no previous or contemporary oral or written representations, agreements, or understandings made by any officer, agent, or employee of any Party shall be binding unless contained in this Agreement or the documents incorporated by reference and made part of this Agreement.

10.11 **Amendments**

10.11.1 This Agreement shall not be amended without the written agreement of all the Parties, except for amendments regarding the admission of new Parties provided for in Section 10.11.2 of this Agreement. Parties do not hereby waive their rights under Section 206 of the Federal Power Act to seek changes to this Agreement.

10.11.2 Any amendment of this Agreement regarding the addition of a new Party need only be executed by GridFlorida and the new Party. An additional Party may be added only if the Party has become a Participating Owner or Divesting Owner.

10.12 **Cooperation**

To the extent that the jurisdiction of any federal or state regulatory authority applies to any part of this Agreement and/or the transactions or actions covered by this Agreement, the Parties shall cooperate with each other to secure any necessary or desirable approval or acceptance of such regulatory authorities of such part of this Agreement and/or such transactions or actions. In addition, the Parties agree to cooperate with each other in order to minimize the tax obligations of a Party which may arise out of its performance of this Agreement, while at the same time securing all necessary and desirable regulatory approvals.

10.13 **Good Faith Efforts**

Where the consent, agreement, or approval of a Party must be obtained hereunder, such consent, agreement, or approval shall not be unreasonably withheld, conditioned, or delayed. Where a Party is required or permitted to act, or omit to act, based on its opinion or judgment, such opinion or judgment shall not be unreasonably exercised.

10.14 **No Third Party Rights**

Nothing in this Agreement, express or implied, is intended to confer on any person, other than the Parties hereto, any rights or remedies under or by reason of this Agreement.

10.15 **No Partnership, Joint Venture Or Lease**

This Agreement is not intended, and shall not be construed, interpreted or applied, to create a partnership or joint venture. This Agreement is also not intended, and shall not be construed, interpreted or applied, to create a lease or other similar arrangement. The obligations of the Parties arising out of or in connection with this Agreement shall be several and not joint.

10.16 **Remedies**

The Parties agree that remedies at law are inadequate to protect their interests and that irreparable damage may occur in the event that any of the provisions of this Agreement are not performed by the Parties in accordance with their specific terms or are otherwise breached. Accordingly, it is agreed that the Parties, individually or in conjunction with one or more other Parties, shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and specific performance to enforce specifically the terms and provisions thereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which the Parties are entitled at law or in equity.

10.17 **Rights Or Obligations Between Or Among Service Providers**

The Parties agree that nothing in this Agreement is intended to confer or take away any rights or obligations between or among the Service Providers.

10.18 **Counterparts**

This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all of the Parties, and this Agreement shall be binding upon all the Parties with the same force and effect as if all the Parties had signed the same document, and each such signed counterpart shall constitute an original of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement.

On Behalf of GridFlorida	On Behalf of Florida Power Corporation
On Behalf of Florida Power & Light Company	On Behalf of Tampa Electric Company

GRIDFLORIDA LLC

OPEN ACCESS TRANSMISSION TARIFF

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Issued On: May 29, 2001

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I. COMMON SERVICE PROVISIONS

1 Definitions

1.1 Ancillary Services: Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

1.2 [reserved]

1.2A Annual System Transmission Costs: The Annual System Transmission Costs shall be the amount specified in Attachment I. The annual revenue requirements associated with the cost of transmission facilities included in the Annual System Transmission Costs only can be amended by the owner of such facilities or by order of the Commission.

1.2B Annual Zonal Transmission Costs: Annual Zonal Transmission Costs for a Transmission Rate Zone shall be the amount specified in Attachment H for that Transmission Rate Zone. The annual revenue requirements associated with the cost of transmission facilities included in the Annual Zonal Transmission Costs only can be amended by the owner of such facilities or by order of the Commission.

1.3 Application: A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.

1.3A **Balancing Service**: The use of incs and decs by the Transmission Provider in Real Time, as such term is defined in Attachment P, to deliver energy to or acquire energy from Scheduling Coordinators to balance the Transmission Provider's system.

1.4 **Commission:** The Federal Energy Regulatory Commission.

1.5 **Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

1.6 **Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

(1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

(2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and

(4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

1.7 **Curtailment:** A reduction in firm or non-firm transmission service in response to a transmission capacity shortage as a result of system reliability conditions.

1.7A **Day-Ahead Scheduling Process:** The scheduling process under Attachment P during which Scheduling Coordinators must submit balanced schedules and all necessary rights to use the Transmission System.

1.8 **Delivering Party:** The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

1.9 **Designated Agent:** Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, an LSE or the Transmission Customer required under the Tariff.

1.10 **Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. A facility shall not be deemed to be constructed for the sole use/benefit of a customer if GridFlorida determines that construction of the facility is appropriate under the guidelines set forth in the Planning Protocol - Attachment N. In the event of enhanced or special facilities approved pursuant to Sections I.B.C. or I.E. of the Planning Protocol or otherwise resulting from the application of construction or design standards higher than those established by GridFlorida, the incremental portion of the facilities shall be considered for the sole use/benefit of the

Transmission Customer. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

1.10A Dispatchable Demand: Controlled load that can be reduced or increased through dispatch consistent with technical requirements established by the Transmission Provider.

1.10B Divesting Owner or DO: A transmission owner, including a TDU, that has divested ownership of its transmission facilities to the Transmission Provider.

1.11 Eligible Customer: (i) Any electric utility (including Divesting Owners and Participating Owners and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider; (ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary

offer of such service by a Participating Owner or Divesting Owner, is an Eligible Customer under the Tariff, provided that a Participating Owner or Divesting Owner only may voluntarily offer such service to a retail customer of the Participating Owner or Divesting Owner at the time of the offer.

1.11A **Existing Facilities**: Transmission facilities placed into service prior to January 1, 2001.

1.11B **Existing Transmission Agreements or ETAs:** Transmission contracts of Divesting Owners and POs entered into prior to the date of commercial operations of the Transmission Provider. Existing Transmission Agreements are listed on Attachment T.

1.11C **External Control Area**: A Control Area that is neither the Transmission Provider's Control Area nor an Internal Control Area.

1.12 **Facilities Study:** An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.

1.13 **Firm Point-To-Point Transmission Service:** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

1.13A **Flowgate:** A transmission line or group of transmission lines that form a specific interface point and that evidence Commercially Significant congestion costs, as defined in Exhibit P-1 to Attachment P.

1.13B **FRCC:** The Florida Reliability Coordinating Council, the NERC reliability organization responsible for ensuring the reliability of the Florida transmission system.

1.13C **Generation Interconnection Service or GIS**: The interconnection of electric generation facilities to the Transmission System pursuant to Section IV. Generation Interconnection Service does not include the transmission of electricity or the integration of a generation facility with the Transmission System or with any load.

1.13D **GIS Facilities Study:** An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested Generation Interconnection Service.

1.13E **GIS Feasibility Study:** An assessment by the Transmission Provider of the adequacy of the Transmission System to accommodate a request for Generation Interconnection Service.

1.14 Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

1.14A GridFlorida: GridFlorida LLC, which is the independent transmission company that serves as the RTO within the FRCC. GridFlorida also is referred to herein as the Transmission Provider.

1.14B Grid Management Charge: A charge to recover start up and administrative costs, calculated in accordance with Schedule 10.

1.14C Interconnection Agreement: An agreement governing the terms and conditions of the interconnection of a generation facility with the Transmission System between the owner of the generation facility, the Transmission Provider and any PO owning facilities at the location of the interconnection.

1.14D Internal Control Area: A Control Area covering Transmission Facilities owned by a Participating Owner.

1.15 Interruption: A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

1.16 [reserved]

1.16A Load Serving Entity or LSE: An entity that purchases and/or generates electricity that it sells to retail customers. A joint action agency or other agent for a group of LSEs, and which is the Transmission Customer for such LSEs, shall have the right to act as agent for the LSEs with respect to all aspects of this Tariff.

1.17 Load Shedding: The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

1.18 Long-Term Firm Point-To-Point Transmission Service: Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

1.18A Monthly Actual Transmission System Peak: The Monthly Actual Transmission System Peak in a calendar month shall be the maximum total in an hour during the month of actual Network Load on the Transmission System.

1.18B Monthly Actual Zonal Peak: The Monthly Actual Zonal Peak for a Transmission Rate Zone in a calendar month shall equal the maximum actual hourly Network Load in the Transmission Rate Zone during the month.

1.18C Monthly Projected Transmission System Peak: The Monthly Projected Transmission System Peak in a calendar month shall be the maximum total in an hour during the month of projected hourly Network Load on the Transmission System, as calculated by the Transmission Provider pursuant to this Tariff.

1.18D Monthly Projected Zonal Peak: The Monthly Projected Zonal Peak for a Transmission Rate Zone in a calendar month shall equal the maximum projected hourly Network Load in the Transmission Rate Zone during the month, calculated by the Transmission Provider pursuant to this Tariff after consultation with the applicable Participating Owner(s).

1.18E Monthly Transmission System Network Load: A Network Customer's Monthly Transmission System Network Load is its hourly Network Load on the Transmission System coincident with the Monthly Actual Transmission System Peak.

1.18F Monthly Zonal Network Load: A Network Customer's Monthly Zonal Network Load for a Transmission Rate Zone is its hourly Network Load in the Transmission Rate Zone coincident with the Monthly Actual Zonal Peak for the Transmission Rate Zone.

1.19 [reserved]

1.20 Network Customer: An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff, and is represented by a Scheduling Coordinator for purposes of scheduling services and billing under this Tariff

1.21 Network Integration Transmission Service: The transmission service provided under Part III of the Tariff.

1.22 Network Load: The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

1.23 Network Operating Agreement: An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of

the Tariff.

1.24 **Network Operating Committee:** A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

1.25 **Network Resource:** Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

1.26 **Network Upgrades:** Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

1.26A **New Transmission Investment**: The revenue requirement associated with transmission facilities placed into service on or after January 1, 2001, and the revenue requirement associated with any capitalized costs incurred after that date for improvements, betterments, or replacements to or of Existing Facilities.

1.26B Next-Day Buy Through Service: Transmission Service on non-Flowgate facilities scheduled in the Day-Ahead Scheduling Process and provided in accordance with Attachment P.

1.26C Non-Flowgate Facility: A Non-Flowgate Facility is a facility that is part of the Transmission System that is not part of a Flowgate. Included in Non-Flowgate Facilities are facilities that are part of Flowgates that transmit power in the opposite direction of the Flowgate.

1.26D Non-Firm Physical Transmission Right or NPTR: The right to schedule the delivery of one MW of energy in a specific direction across a Flowgate for one hour, sold through redispatch in the Day-Ahead Scheduling Process and with a lower priority than PTRs, as provided in Attachment P. An NPTR does not confer the right to receive congestion revenues.

1.27 Non-Firm Point-To-Point Transmission Service: Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

1.28 Open Access Same-Time Information System (OASIS): The information system and standards of conduct contained in Part 37 of the Commission's

regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.29 **Part I:** Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

1.30 **Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.31 **Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.31A **Part IV:** Tariff Sections 36 through 47 pertaining to Generation Interconnection Service, in conjunction with the applicable Common Service Provisions of Part I.

1.31B **Participating Owner or PO:** Transmission owners, including TDUs, that have elected to place their transmission facilities under the control of the Transmission Provider by entering into the PO Management Agreement with the Transmission Provider.

1.32 **Parties:** The Transmission Provider and the Transmission Customer receiving service under the Tariff.

1.32A **Physical Transmission Right or PTR:** The right to schedule the delivery of

one MW of energy in a specific direction across a Flowgate for one hour, as provided in Attachment P. A PTR does not confer the right to receive congestion revenues.

1.32B PO Management Agreement: The agreement between the Transmission Provider and the POs pursuant to which control of the POs' transmission facilities is transferred to the Transmission Provider.

1.33 Point(s) of Delivery: Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.34 Point(s) of Receipt: Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.35 Point-To-Point Transmission Service: The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.36 Power Purchaser: The entity that is purchasing the capacity and energy to be

transmitted under the Tariff.

1.36A **Quick Start Resource:** For purposes of Operating Reserves, Quick Start Resources are units that are available within 12 minutes of being called. For congestion management purposes, a unit is a Quick Start Resource if it is available to provide energy within 20 minutes of being called.

1.36B **Recallable Transmission Right or RTR:** The right to schedule the delivery of one MW of energy in a specific direction across a Flowgate for one hour, purchased as a recallable right as provided in Attachment P. An RTR does not confer the right to receive congestion revenues.

1.37 **Receiving Party:** The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.37A **Regional Market**: The boundaries of the hierarchical Control Area directed by the Transmission Provider, including the Transmission Provider's Control Area and all Internal Control Areas.

1.38 **Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.38A **Regional Transmission Organization or RTO:** A regional transmission organization that meets the requirements of FERC Order No. 2000.

1.39 **Reserved Capacity:** The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.39A **Schedule Adjustment Process:** The process under Attachment P that begins immediately after the Day-Ahead Scheduling Process, during which Scheduling Coordinator's may adjust their balanced schedules.

1.39B **Scheduling Coordinator:** An entity certified pursuant to Part V of this Tariff to submit to the Transmission Provider requests for transmission reservations and schedules for energy and Ancillary Services.

1.39C **Scheduling Day:** The calendar day on which a scheduled transaction takes place, consisting of the 24 hour period beginning at the start of the hour ending 0100 and ending at the end of the hour ending 2400 daily.

1.40 **Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

1.41 **Service Commencement Date:** The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the

date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

1.41A **Settlement Period**: Any one of the six ten-minute periods that make up a clock hour.

1.42 **Short-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

1.43 **System Impact Study:** An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

1.43A **System-Wide Rate**: The System-Wide Rate shall equal the Annual System Transmission Costs divided by the average for the calendar year of the Monthly Projected Transmission System Peaks. Charges will be trued-up in accordance with Attachment U hereto.

1.43B **Tariff Year**: The first Tariff Year shall consist of the twelve (12) month period beginning on the first day of the month after the effective date of this Tariff, plus each day of the prior month for which this Tariff is effective. Subsequent Tariff Years shall consist of each subsequent twelve (12) month period.

1.44 Third-Party Sale: Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

1.44A Through And Out Rate: The Through And Out Rate shall equal the sum of the Annual Zonal Transmission Costs divided by the average for the calendar year of the Monthly Projected Transmission System Peaks. Charges will be trued-up in accordance with Attachment U hereto.

1.45 Transmission Customer: Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff, and is represented by a Scheduling Coordinator for purposes of scheduling services and billing under this Tariff. This term is used in the Part I Common Service Provisions and Parts IV and V to include customers receiving transmission service under Part II and Part III of this Tariff.

1.45A Transmission Dependent Utility or TDU: A Transmission Dependent Utility is an interconnected distribution system that was served, as of October 16, 2000, by a Participating Owner's or Divesting Owner's Network Integration Transmission Service or the functional equivalent of Network Integration Transmission Service in an amount equal to or in excess of 75% of its load.

1.46 **Transmission Provider:** GridFlorida.

1.46A **Transmission Rate Zone**: Each Transmission Rate Zone is listed in Attachment V hereto. The transmission owning TDUs located in each Transmission Rate Zone are included in Attachment V.

1.47 **[reserved]**

1.48 **Transmission Service:** Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

1.49 **Transmission System:** All transmission facilities owned or leased by the Transmission Provider and all transmission facilities that have been placed under the operational control of the Transmission Provider through the PO Management Agreement. All such facilities are posted on the OASIS.

1.50 **Zonal Rate**: The Zonal Rate for a Transmission Rate Zone shall equal the Annual Zonal Transmission Costs for the Transmission Rate Zone divided by the average for the calendar year of the Monthly Projected Zonal Peaks for the Transmission Rate Zone. Charges will be trued-up in accordance with Attachment U hereto.

2 Initial Allocation and Renewal Procedures

2.1 **Initial Allocation of Available Transmission Capability:** [reserved]

2.2 **Reservation Priority For Existing Firm Service Customers**: Divesting Owners and POs have the right to convert their existing firm use of the

Transmission System to Network Integration Transmission Service with the same priority as their existing use. Existing firm service customers (with a contract term of one year or more) of the POs and Divesting Owners have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service the existing firm service customers must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of one-year or longer.

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide, and the Transmission Customer is required to purchase from the Transmission Provider, the following Ancillary Services (i) Scheduling, System Control and Dispatch, (ii) Reactive Supply and Voltage Control from Generation Sources, and (iii) System Restoration Service.

The Transmission Provider is required to offer to provide as the provider of last resort the

following Ancillary Services for the Transmission Customer serving load within the Transmission Provider's Control Area or an Internal Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental. The Transmission Provider may satisfy its provider of last resort obligation by establishing Ancillary Services markets, as described in the individual Ancillary Services rate schedules. The Transmission Customer serving load within the Transmission Provider's Control Area or an Internal Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff.

3.1 **Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 1.

3.2 **Reactive Supply and Voltage Control from Generation Sources Service:** The rates and/or methodology are described in Schedule 2.

3.3 **Regulation and Frequency Response Service:** Where applicable the rates

and/or methodology are described in Schedule 3.

3.4 Energy Imbalance Service: Where applicable the rates and/or methodology are described in Schedule 4.

3.5 Operating Reserve - Spinning Reserve Service: Where applicable the rates and/or methodology are described in Schedule 5.

3.6 Operating Reserve - Supplemental Reserve Service: Where applicable the rates and/or methodology are described in Schedule 6.

3.7 System Restoration Service: The rates and/or methodology are described in Schedule 11.

4 Open Access Same-Time Information System (OASIS)

The Transmission Provider will operate a single OASIS for the Transmission System. Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities). In the event available transmission capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

5 Local Furnishing Bonds

5.1 Transmission Providers That Own Facilities Financed by Local Furnishing Bonds: This provision is applicable only to POs that have financed facilities

for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this Tariff, the Transmission Provider shall not be required to provide transmission service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance a PO's facilities that would be used in providing such transmission service.

5.2 Alternative Procedures for Requesting Transmission Service:

(i) If the Transmission Provider determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance a PO's facilities that would be used in providing such transmission service, it shall advise the Eligible Customer within thirty (30) days of receipt of the Completed Application.

(ii) If the Eligible Customer thereafter renews its request for the same transmission service referred to in (i) by tendering an application under Section 211 of the Federal Power Act, the Transmission Provider, within ten (10) days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section

212(c) of the Federal Power Act. The Commission, upon receipt of the Transmission Provider's waiver of its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, shall issue an order under Section 211 of the Federal Power Act. Upon issuance of the order under Section 211 of the Federal Power Act, the Transmission Provider shall be required to provide the requested transmission service in accordance with the terms and conditions of this Tariff.

6 Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Divesting Owners and Participating Owners on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of a power pool, RTO or Regional Transmission Group also agrees to provide comparable transmission service to the members of such power pool, RTO and Regional Transmission Group on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the

transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

7 Billing and Payment

7.1 Billing Procedure: Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Scheduling Coordinator for each Transmission Customer served by the Scheduling Coordinator for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Scheduling Coordinator for the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Transmission Provider, or by wire transfer to a bank named by the Transmission Provider.

7.2 **Interest on Unpaid Balances:** Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Transmission Provider.

7.3 **Customer Default:** In the event the Scheduling Coordinator on behalf of the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Scheduling Coordinator on behalf of the Transmission Customer (i)

continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

7.4 **Payments By Transmission Customer:** A Transmission Customer may cure a default by a Scheduling Coordinator by making payments directly to the Transmission Provider.

7.5 **True-Ups:** Charges shall be trued-up in accordance with Attachment U hereto.

8 Accounting for the Transmission Provider's Use of the Tariff

[Reserved]

9 Regulatory Filings

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of the Transmission Provider to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder. Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of any Participating Owner to unilaterally make application to the Commission for a change in revenue

requirements associated with the Participating Owner's facilities under this Tariff.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

10 Force Majeure and Indemnification

10.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. The Transmission Provider, a PO, a DO, and the Transmission Customer will not be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification: The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider, Participating Owners, and

Divesting Owners harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's, Participating Owners', and Divesting Owners' performance of their obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider, PO, or DO, as applicable.

10.3 Liability: The Transmission Provider's Divesting Owners' and Participating Owners' liability for claims related to service provided or actions taken under this Tariff shall be as provided in Florida law as applied to electric utilities with respect to indirect, consequential and incidental damages.

11 Creditworthiness

[Reserved]

12 Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and the Transmission Provider involving transmission service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be

referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days or such other period as the Parties may agree upon by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

12.2 **External Arbitration Procedures:** Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any

applicable Commission regulations or Regional Transmission Group rules.

12.3 **Arbitration Decisions:** Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

12.4 **Costs:** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

(A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or

(B) one half the cost of the single arbitrator jointly chosen by the Parties.

12.5 **Rights Under The Federal Power Act:** Nothing in this section shall restrict

the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

12A Payment of Revenue Requirements

The Transmission Provider shall pay revenue requirements to Participating Owners as follows:

12A.1 Payments for Existing Facilities: For each month of a calendar year, the Transmission Provider shall pay the following amount to each Participating Owner:

PEF = (ZRREF * (MAZP/SMPZP)) + (SRREF * (MATSP/SMPTSP)), where

PEF = monthly payment for Existing Facilities;

ZRREF = the approved, accepted, or otherwise effective revenue requirement of the Existing Facilities of the applicable Participating Owner included in the Annual Zonal Transmission Costs of a Transmission Rate Zone, less any revenue credits under Attachment H that are not collected by the Transmission Provider;

MAZP = the Monthly Actual Zonal Peak for the month for the Transmission Rate Zone;

SMPZP = the sum of the Monthly Projected Zonal Peaks for the calendar year for the Transmission Rate Zone;

SRREF = the approved, accepted, or otherwise effective revenue requirements of the Existing Facilities of the applicable Participating Owner included in the Annual System Transmission Costs;

MATSP = the Monthly Actual Transmission System Peak for the month;

SMPTSP = the sum of the Monthly Projected Transmission System Peaks for the calendar year.

12A.2 **Payments for New Transmission Investment**: For each month of a calendar year, the Transmission Provider shall pay the following amount to each Participating Owner for New Transmission Investment:

PNTI = SRRNTI * (MATSP/SMPTSP), where

PNTI = monthly payment for New Transmission Investment;

SRRNTI = New Transmission Investment of the applicable Participating Owner included in the Annual System Transmission Costs, less any revenue credits under Attachment I that are not collected by the Transmission Provider;

MATSP = the Monthly Actual Transmission System Peak for the month;

SMPTSP = the sum of the Monthly Projected Transmission System Peaks for the calendar year.

12A.3 Netting of Payments: All payments under this Section 12A shall be netted against amounts owed by the Participating Owner for transmission service under this Tariff.

12A.4 True-Up: June 1 of each calendar year, the Transmission Provider shall notify each Participating Owner of the difference between (a) the amounts paid to the Participating Owner under this Section 12A and (b) the approved, accepted, or otherwise effective revenue requirements of the Existing Facilities and New Transmission Investment of the applicable Participating Owner owed to the Transmission Provider for the prior calendar year, calculated as follows:

$\sum_{n=1..12}$ 1/12 $NTIRR_n$ + 1/12 $EFRR_n$, where,

$NTIRR_n$ = the Participating Owner's New Transmission Investment in month n of the prior calendar year;

$EFRR_n$ = the Participating Owner's approved, accepted, or otherwise effective revenue requirement for Existing Facilities in month n of the prior calendar year

Payments of any such negative difference shall be made by the Transmission Provider to the applicable Participating Owner within 30 days of the date the Transmission Provider provides such notice. Payments of any such positive difference shall be made by the applicable

Participating Owner to the Transmission Provider within 30 days of the date the Transmission Provider provides such notice. Payments shall include interest calculated in accordance with 18 C.F.R. § 35.19a(a)(2)(iii). Interest shall be calculated for the difference between the amount paid by the Transmission Provider for each month and the amount owed by the Transmission Provider as calculated under this Section 12A.4 for that month, from the original date of receipt of payment by the Participating Owner of amounts owed for the month to the date the true-up notice is provided pursuant to this provision.

12B Revenue Requirements of Nonjurisdictional POs: A Participating Owner that is not a public utility under the Federal Power Act ("NJ PO") shall recover its revenue requirements pursuant to one of the following two options:

Option 1 – The NJ PO may file directly with the Commission a request for approval of its revenue requirements, or any change in those requirements, along with appropriate supporting documentation.

Option 2 – The NJ PO may submit to the Transmission Provider its proposed revenue requirements, or any change in those revenue requirements, along with appropriate supporting documentation. The Transmission Provider shall, within thirty (30) days thereafter, file such revenue requirement with the Commission for its approval. The Transmission Provider shall have no responsibility for supporting or defending such revenue requirement, the responsibility for which lies solely with the NJ PO.

Under either option, the NJ PO shall be entitled to recover through Transmission

Provider rates only the revenue requirement that is approved, accepted, or otherwise made effective by the Commission. If the Commission rejects the NJ PO's proposed revenue requirement, suspends it, or otherwise orders refunds, or in a proceeding brought by a third party or upon the Commission's own motion orders any change in the revenue requirement, the Transmission Provider's payments to the NJ PO shall be modified accordingly to ensure that the NJ PO does not recover more than its Commission-approved revenue requirement, including modifications that are necessary to recoup from the NJ PO any amounts that the Commission determines should be refunded to the Transmission Provider's Transmission Customers.

12C Changes to Rate Structure

In its March 28, 2001 Order in Docket No. RT01-67-000, the Commission approved the following tariff provisions as part of its approval of a ten-year phase-in plan to mitigate cost shifts associated with the creation of the Transmission Provider: (i) the list of Transmission Rate Zones included in Attachment V, (ii) the methodology for crediting TDU facilities included in Section A.2 of Attachment H, (iii) the methodology for phasing out zonal transmission charges (and phasing in single system charges) included in Attachments H and I, and (iv) the methodology for phasing out of existing contracts that constitute rate pancakes included in Attachment T. The Commission's approval of this mitigation plan does not restrict the Transmission Provider in the exercise of its unilateral right to propose changes in rate design under Section 205 of the Federal Power Act, provided, however, that if, during the ten-year phase-in period, the Transmission Provider proposes a change in (i) through (iv) above that

would materially affect the relative balance of benefits and burdens reflected in the cost shift mitigation plan approved in the March 28, 2001 Order, the Transmission Provider shall, as part of that proposed change in rate design, propose an alternative mechanism, such as revenue distribution, for maintaining the relative balance of benefits and burdens set forth in the mitigation plan.

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery. In addition to obtaining transmission service pursuant to this Part II, the Transmission Customer also must obtain any necessary rights over Flowgates in accordance with Attachment P. The Operating Protocol describes how the Transmission Provider will operate the Transmission System in order to provide Point-to-Point Transmission Service.

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Priority for Non-Flowgate Facilities:

Long-Term Firm Point-To-Point Transmission Service over Non-Flowgate

Facilities shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service. Non-Flowgate reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. If the Non-Flowgate Facilities become oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transmission capability on Non-Flowgate Facilities is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service over Non-Flowgate Facilities will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. After the conditional reservation deadline, service will commence pursuant to

the terms of Part II of the Tariff. Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

13.3 **Reservation Priority for Flowgates:** Reservation priority for Flowgates shall be determined pursuant to Attachment P.

13.4 **Service Agreements:** The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

13.5 **Transmission Customer Obligations for Facility Additions or Redispatch Costs:** In cases where the Transmission Provider determines that the

Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint more economically by arranging for the redispatch of generation resources than through constructing Network Upgrades, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service. Physical Transmission Rights Associated with new facilities shall be allocated in accordance with Attachment P.

13.6 Curtailment of Firm Transmission Service: In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is

required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. All Curtailments will be made in accordance with Attachment P. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

13.7 Classification of Firm Transmission Service:

(a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.

(b) The Transmission Customer may purchase transmission service to make

sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.

(c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by

the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery.

13.8 Scheduling of Firm Point-To-Point Transmission Service: Schedules for Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 9:00 a.m. of the day prior to commencement of such service. Schedules may be adjusted in accordance with the Schedule Adjustment Process under Attachment P. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate

their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted in accordance with Attachment P, provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14 Nature of Non-Firm Point-To-Point Transmission Service

14.1 Term: Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 **Reservation Priority For Non-Flowgate Facilities:** Non-Firm Point-To-Point Transmission Service shall be available from transmission capability on Non-Flowgate Facilities in excess of that needed for reliable service to Network Customers, other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service, and Transmission Customers that obtain transmission rights during the Day-Ahead Scheduling Process pursuant to Attachment P. A higher priority will be assigned to reservations with a longer duration of service. In the event Non-Flowgate Facilities are constrained, competing requests of equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service over Non-Flowgate Facilities will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider.

Transmission service for Network Customers over Non-Flowgate Facilities from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

14.3 Reservation Priority for Flowgates: Transmission capacity for Flowgates shall be allocated in accordance with Attachment P.

14.4 Service Agreements: The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment ?) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

14.5 Classification of Non-Firm Point-To-Point Transmission Service: Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan the Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for

the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service: Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 9:00 a.m. of the day prior to commencement of such service. Schedules may be adjusted in accordance with the Schedule Adjustment Process under Attachment P. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted in accordance with Attachment P, provided that the Delivering

Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14.7 Curtailment or Interruption of Service: The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when, an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources.

The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice. Priorities of Non-Firm Point-to-Point Transmission Service relative to

Next-Day Buy Through Service are included in Attachment P hereto.

15 Service Availability

15.1 General Conditions: The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has acquired the necessary rights to Flowgates as provided in Attachment P and that has met the requirements of Section 16.

15.2 Determination of Available Transmission Capability: The Transmission Provider shall be responsible for determining the available transmission capacity for the Transmission System, consistent with the Operating Protocol. A description of the Transmission Provider's specific methodology for assessing available transmission capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transmission capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study.

15.3 Initiating Service in the Absence of an Executed Service Agreement: If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall file with the Commission, within thirty (30) days after the date the

Transmission Customer provides written notification directing the Transmission Provider to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service. The Transmission Provider shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Provider at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3.

15.4 **Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System:** If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on the Transmission System, the Transmission Provider will use due diligence to expand or modify its Transmission System in accordance with the Planning Protocol to provide the requested Firm Transmission Service provided the Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27. The Transmission Provider will conform to Good Utility Practice in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to

those facilities that the Transmission Provider has the right to expand or modify.

15.5 **Deferral of Service:** The Transmission Provider may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

15.6 **Other Transmission Service Schedules:** Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

15.7 **Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The procedure for determining Real Power Losses is set out in Schedule 9.

15.8 **Service Over Flowgates:** Whenever a Point-To-Point Transmission Service request involves service over a Flowgate, the Transmission Provider shall grant

such request if there is adequate transmission capacity on Non-Flowgate Facilities without considering whether there is available capacity on Flowgates. However, in order to schedule service over a Flowgate, the Transmission Provider must obtain the necessary rights to use the Flowgate, as provided in Attachment P. Furthermore, the Transmission Provider will continue to have the obligation to expand transmission capacity of Flowgates to provide requested transmission service as provided in the Planning Protocol -- Attachment N.

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers: Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

a. The Transmission Customer has pending a Completed Application for service;

b. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;

c. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the

Tariff, whether or not the Transmission Customer takes service for the full term of its reservation;

d. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3; and

e. The Transmission Customer has obtained all necessary rights to use Flowgates as provided in Attachment P.

16.2 Transmission Customer Responsibility for Third-Party Arrangements: Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

17 Procedures for Arranging Firm Point-To-Point Transmission Service

17.1 Application: A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: [Transmission Provider Name and Address], at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. Requests for Short-Term Firm Point-to-Point Transmission Service shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS.

17.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

(i) The identity, address, e-mail address (if any), telephone number and facsimile number of the entity requesting service;

(ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

(iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;

(iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;

(v) A description of the supply characteristics of the capacity and energy to be delivered;

(vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;

(vii) The Service Commencement Date and the term of the requested Transmission Service; and

(viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

17.3 Deposit: A Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, or in the

case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the Transmission Provider is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR

§ 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the Transmission Provider's account.

17.4 **Notice of Deficient Application:** If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

17.5 **Response to a Completed Application:** Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transmission capability as required in Section 15.2. The Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1.

Responses by the Transmission Provider must be made as soon as practicable to all completed applications and the timing of such responses must be made on a non-discriminatory basis.

17.6 Execution of Service Agreement: Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service: The Transmission Customer can obtain up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof. If during any extension for the

commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

18 Procedures for Arranging Non-Firm Point-To-Point Transmission Service

18.1 Application: Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS.

18.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

(i) The identity, address, e-mail address (if any), telephone number and facsimile number of the entity requesting service;

(ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

(iii) The Point(s) of Receipt and the Point(s) of Delivery;

(iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and

(v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

(vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and

(vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

18.3 Reservation of Non-Firm Point-To-Point Transmission Service: Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no

earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than three (3) days before service is to commence, and requests for hourly service shall be submitted no earlier than three (3) days before service is to commence. Requests for service received later than 2:00 p.m. two (2) days prior to the day service is to commence will be accommodated if practicable.

18.4 Determination of Available Transmission Capability: Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transmission capability pursuant to Section 15.2. The Transmission Provider shall notify Transmission Customers by 11:00 a.m. of the day prior to the day service is scheduled to commence whether their schedules for non-firm transmission service submitted in the Day-Ahead Scheduling Process will be accepted. The Transmission Provider shall notify Transmission Customers whether schedules submitted during the Schedule Adjustment Process will be accepted as soon as reasonably practicable after receipt.

19 Additional Study Procedures For Firm Point-To-Point Transmission Service Requests

19.1 Notice of Need for System Impact Study For Non-Flowgate Facilities: After receiving a request for service, the Transmission Provider shall determine on a

non-discriminatory basis whether a System Impact Study is needed to provide service on Non-Flowgate Facilities. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment ?. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service over Non-Flowgate Facilities, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

19.1A Notice of Need for System Impact Study For Flowgates: To the extent that a request for service involves the use of a Flowgate, the Transmission Provider shall so inform the Transmission Customer as soon as practicable and request whether the Transmission Customer wants the Transmission Provider to perform a System Impact Study to determine whether it is necessary to increase

the capacity of the Flowgate to eliminate the constraint or to provide sufficient unallocated PTRs to satisfy the Transmission Customer's request. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. In order to obligate the Transmission Provider to expand the capacity of the Flowgate, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, then the Transmission Provider shall have no obligation to expand the capacity of the Flowgate.

19.2 System Impact Study Agreement and Cost Reimbursement:

(i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any

modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

(ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.

19.3 **System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period, pursuant to the procedures in the Planning Protocol attached as Attachment N. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service over Non-Flowgate Facilities or to increase the capacity of a Flowgate. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related

work papers shall be made available to the Eligible Customer. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

19.4 **Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request over Non-Flowgate Facilities or to increase the capacity of a Flowgate, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects

not to execute the Facilities Study Agreement with respect to Non-Flowgate Facilities, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. If the Eligible Customer elects not to execute the Facilities Study Agreement with respect to a Flowgate, the Transmission Provider shall be under no obligation to expand the capacity of that Flowgate. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period pursuant to the procedures in the Planning Protocol attached as Attachment N. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the

Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

19.5 **Facilities Study Modifications:** Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the Transmission Provider that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

19.6 **Due Diligence in Completing New Facilities:** The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system

reliability or otherwise impair or degrade existing firm service. The procedures for the construction of new facilities and upgrades are included in the Planning Protocol attached as Attachment N.

19.7 **Partial Interim Service:** If the Transmission Provider determines that it will not have adequate transmission capability over Non-Flowgate Facilities to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated over Non-Flowgate Facilities without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

19.8 **Expedited Procedures for New Facilities:** In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the Transmission Provider to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate the Transmission Provider for all costs incurred pursuant to the terms of the Tariff. In order to

exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the Transmission Provider agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Provider for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

20 Procedures if The Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

20.1 Delays in Construction of New Facilities: If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Transmission Provider shall promptly notify the Transmission Customer. In such circumstances, the Transmission Provider shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to

evaluate the alternatives available to the Transmission Customer. The Transmission Provider also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Provider that is reasonably needed by the Transmission Customer to evaluate any alternatives.

20.2 **Alternatives to the Original Facility Additions:** When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

20.3 Refund Obligation for Unfinished Facility Additions: If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service over Non-Flowgate Facilities cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest pursuant to Commission regulations 35.19a(a)(2)(iii). However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended.

21 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities

21.1 Responsibility for Third-Party System Additions: The Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

21.2 Coordination of Third-Party System Additions: In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

22 Changes in Service Specifications

22.1 Modifications On a Non-Firm Basis: The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission

Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement ("Secondary Receipt and Delivery Points"), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

(a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff.

(b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.

(c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.

(d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other

requirements of Part II of the Tariff (except as to transmission rates) and of Attachment P with respect to Flowgates shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 **Modification On a Firm Basis:** Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

23 Sale or Assignment of Transmission Service

23.1 **Procedures for Assignment or Transfer of Service:** Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) the Transmission Provider's maximum rate on file at the time of the assignment, or (iii) the

Reseller's opportunity cost capped at the Transmission Provider's cost of expansion. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. A Reseller should notify the Transmission Provider as soon as possible after any assignment or transfer of service occurs but in any event, notification must be provided prior to any provision of service to the Assignee. The Assignee will be subject to all terms and conditions of this Tariff, including the obligation to obtain rights to Flowgates as provided in Attachment P. If the Assignee requests a change in service, the reservation priority of service for the use of Non-Flowgate Facilities will be determined by the Transmission Provider pursuant to Section 13.2.

23.2 **Limitations on Assignment or Transfer of Service:** If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission System. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the

capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Parties through an amendment to the Service Agreement.

23.3 Information on Assignment or Transfer of Service: In accordance with Section 4, Resellers may use the Transmission Provider's OASIS to post transmission capacity available for resale.

24 Metering and Power Factor Correction at Receipt and Delivery Points(s)

24.1 Transmission Customer Obligations: Unless otherwise agreed, the Transmission Customer shall be responsible for the cost of installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

24.2 Transmission Provider Access to Metering Data: The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

24.3 Power Factor: Unless otherwise agreed, the Transmission Customer is required to maintain a power factor in accordance with Good Utility Practices.

The power factor requirements are specified in the Service Agreement where applicable.

25 Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7) and Non-Firm Point-To-Point Transmission Service (Schedule 8).

26 Stranded Cost Recovery

Upon the request of a Divesting Owner or PO, the Transmission Provider shall seek to recover stranded costs on behalf of such Divesting Owners or PO from the applicable Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Divesting Owner or PO seeking stranded cost recovery first must have separately filed for and received authorization to collect any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

27 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved more economically by redispatching the Transmission Provider's resources than by building new facilities or upgrading existing

facilities to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff. If Network Integration Transmission Service utilizes a Flowgate, the Transmission Customer must obtain rights to utilize that Flowgate in accordance with Attachment P. The Operating Protocol describes how the Transmission Provider will operate the Transmission System in order to provide Network Integration Transmission Service.

28 Nature of Network Integration Transmission Service

28.1 Scope of Service: Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources)

to serve their Network Load located within the Transmission System and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3 and any necessary rights to Flowgates as provided in Attachment P.

28.2 Transmission Provider Responsibilities: The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load. The planning process that the Transmission Provider will use to ensure that these planning, construction, and service responsibilities are met is described in more detail in the Planning Protocol attached as Attachment M.

28.3 Network Integration Transmission Service: The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network

Resources to service its Network Loads.

28.4 Secondary Service: The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff. Priorities of deliveries from resources that have not been designated as Network Resources relative to Next-Day Buy Through Service are included in Attachment P hereto.

28.5 Real Power Losses: Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors shall be determined as provided on Schedule 9.

28.6 Restrictions on Use of Service: The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network

Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System.

29 Initiating Service

29.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that the Transmission Provider file a proposed unexecuted Service Agreement with the Commission, (iv) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G; and (v) the Eligible Customer obtains all necessary rights to use Flowgates as provided in Attachment P.

29.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible

in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service over Non-Flowgate Facilities will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

(i) The identity, address, e-mail address if any, telephone number and facsimile number of the party requesting service;

(ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

(iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;

(iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;

(v) A description of Network Resources (current and 10-year projection), which shall include, for each Network Resource:

- Unit size and amount of capacity from that unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions
  - Any periods of restricted operations throughout the year
  - Maintenance schedules
  - Minimum loading level of unit
  - Normal operating level of unit
  - Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost ($/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource
- Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to the Transmission Provider's Transmission System;

(vi) Description of Eligible Customer's transmission system:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- 10 year projection of system expansions or upgrades
- Transmission System maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with

other Control Areas; and

(vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

29.3 Technical Arrangements to be Completed Prior to Commencement of Service: Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

29.4 Network Customer Facilities: The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

29.5 Filing of Service Agreement: The Transmission Provider will file Service Agreements with the Commission in compliance with applicable Commission

regulations.

30 Network Resources

30.1 Designation of Network Resources: Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources: The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made by a request for modification of service pursuant to an Application under Section 29. A Network Customer must obtain all rights to use any Flowgates necessary to transmit energy from the new Network Resource, as provided in Attachment P.

30.3 Termination of Network Resources: The Network Customer may terminate

the designation of all or part of a generating resource as a Network Resource at any time but should provide notification to the Transmission Provider as soon as reasonably practicable.

30.4 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus non-firm sales delivered pursuant to Part II of the Tariff, plus losses. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System.

30.5 Network Customer Redispatch Obligation: As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers.

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider: The Network Customer

shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

30.7 Limitation on Designation of Network Resources: The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

30.8 Use of Interface Capacity by the Network Customer: There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

30.9 Network Customer Owned Transmission Facilities: A Network Customer

that wishes to receive consideration for its Existing Facilities must satisfy the requirements of Section A.2 of Attachment H hereto.

31 Designation of Network Load

31.1 Network Load: The Network Customer must designate the individual Network Loads on whose behalf the Transmission Provider will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

31.2 New Network Loads Connected With the Transmission Provider: The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The Transmission Provider will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer, except as provided in Section 32.1A. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32.4 and shall be charged to the Network Customer in accordance with Commission policies.

31.3 Network Load Not Physically Interconnected with the Transmission Provider: This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

31.4 New Interconnection Points: To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Transmission Provider's Transmission System and a Network Load, the Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable. The Planning Protocol attached as Attachment N addresses the planning process for the construction of such new Delivery Points and interconnection points.

31.5 Changes in Service Requests: Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected in the Service Agreement. However, the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

31.6 Annual Load and Resource Information Updates: The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff, as required under the Planning Protocol attached as Attachment N. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

32 Additional Study Procedures For Network Integration Transmission Service Requests

32.1 Notice of Need for System Impact Study For Non-Flowgate Facilities: After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed to provide service over Non-Flowgate Facilities. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment ?. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service over Non-Flowgate Facilities, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

32.1A Notice of Need for System Impact Study For Flowgates: To the extent that a request for service involves the use of a Flowgate, the Transmission Provider

shall so inform the Transmission Customer as soon as practicable and request whether the Transmission Customer wants the Transmission Provider to perform a System Impact Study to determine whether it is necessary to increase the capacity of the Flowgate to eliminate the constraint or to provide sufficient unallocated PTRs to satisfy the Transmission Customer's request. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. In order to obligate the Transmission Provider to expand the capacity of the Flowgate, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, then the Transmission Provider shall have no obligation to expand the capacity of the Flowgate.

32.2 **System Impact Study Agreement and Cost Reimbursement:** (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies;

however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

(ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.

32.3 **System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period pursuant to the procedures in the Planning Protocol attached as Attachment N. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service over Non-Flowgate Facilities or to increase the capacity of a Flowgate. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The

Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service over Non-Flowgate Facilities or that no costs are likely to be incurred for new transmission facilities or upgrades to Non-Flowgate Facilities or to Flowgates. In order for a request to remain a Completed Application with respect to Non-Flowgate Facilities, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

32.4 **Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request over Non-Flowgate Facilities or to increase the capacity of a Flowgate, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application with respect to Non-Flowgate Facilities, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study

Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. In order for the Transmission Provider to be obligated to increase the capacity of a Flowgate, the Eligible Customer also shall execute the Facilities Study Agreement regarding the study of Flowgate capacity and return it to the Transmission Provider within fifteen (15) days. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period pursuant to the procedures in the Planning Protocol attached as Attachment N. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall

have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

33 Load Shedding and Curtailments

33.1 Procedures: Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment. To the extent the Transmission Provider is required to curtail Transmission Service, such curtailments shall be made in accordance with Attachment P.

33.2 Transmission Constraints: During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain

the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between any Network Customer's use of the Transmission System to serve its designated Network Load.

33.3 [reserved]

33.4 Curtailments of Scheduled Deliveries: If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Network Operating Agreement.

33.5 Allocation of Curtailments: The Transmission Provider shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, such curtailments shall be made in accordance with Attachment P.

33.6 Load Shedding: To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider

determines that it is necessary for the Network Customers to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.

33.7 **System Reliability:** Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory. The Transmission Provider shall specify the rate treatment and all related terms and

conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34 Rates and Charges

34.1 Monthly Demand Charge and Other Charges: Each month, the Network Customer shall pay the Transmission Provider for (a) the Grid Management Charge, (b) any Direct Assignment Facilities costs, (c) in the case of a TDU, the cost of Existing Facilities owned by the TDU or sold by the TDU to the Transmission Provider that is not included in Annual Zonal Transmission Costs or Annual System Transmission Costs, (d) Ancillary Services costs, (e) applicable study costs, consistent with Commission policy, and (f) all other costs provided in this Tariff. The Network Customer also will pay the charge specified under (g), (h), and (i) of this Section 34.1: (g) the Zonal Monthly Demand Charge for each Transmission Rate Zone in which the Customer has designated Network Load, each of which such Zonal Monthly Demand Charges shall be determined by multiplying the Network Customer's Monthly Zonal Network Load for the Transmission Rate Zone, adjusted for losses calculated in accordance with Schedule 9 at the points where the Network Customer's Network Resources are injected into the Transmission System, times 1/12 of the Zonal Rate, (h) a charge determined by multiplying (1) the Network Customer's hourly Network Load not physically interconnected with the Transmission Provider under Section 31.3 coincident with the Monthly Actual Transmission

System Peak, adjusted for losses calculated in accordance with Schedule 9 at the points where the Network Customer's Network Resources are injected into the Transmission System, by (2) 1/12 of the Through And Out Rate, (i) the Monthly System Charge, which shall be determined by multiplying the Network Customer's Monthly Transmission System Network Load, adjusted for losses calculated in accordance with Schedule 9 at the points where the Network Customer's Network Resources are injected into the Transmission System, times 1/12 of the System-Wide Rate.

34.1A Charge When A Party to a Transaction or an Affiliate or Associate of a Party to a Transaction Owns Transmission Facilities That are Located in the FRCC and That Are Not Included in a Commission-Approved Regional Transmission Organization Transmission Tariff:

(a) Notwithstanding the foregoing, and except as provided in subsection (b), if (i) any party to a transaction or affiliate or associate of a party to a transaction (other than a party selling power to the Network Customer), for which transaction transmission service is obtained hereunder, owns or controls any transmission facilities that are located in the FRCC and that are not included in a Commission-approved Regional Transmission Organization transmission tariff, and (ii) that party, affiliate, or associate has not received an order from the Commission waiving the requirement for a transmission tariff for those transmission facilities, then the

Network Customer shall pay the charge under this Section 34.1A, in addition to the charges under Section 34.1, for each Transmission Rate Zone in which (a) the scheduled Network Resources plus scheduled resources utilized on a secondary basis pursuant to Section 28.4 exceed (b) the Network Load scheduled in the Transmission Rate Zone, including, as applicable, Network Load not physically interconnected with the Transmission Provider. Said additional charge shall equal the monthly Point-to-Point Transmission Service rate for the applicable Transmission Rate Zone, included in Sections 1 and 3 of Schedule 7, multiplied by the greatest number of MW by which (a) exceeds (b) in that Transmission Rate Zone during an hour in the month. In the event the Network Customer is a member organization obtaining transmission service on behalf of or to serve its members, and certain of the Network Customer's member organizations that own or control transmission facilities located in the FRCC have included such facilities in a Commission-approved Regional Transmission Organization transmission tariff or obtained a waiver consistent with (ii) ("Complying Members"), while others have not ("Non-Complying Members"), then the applicable Point-to-Point Transmission Service charges under this Section shall be pro rated by the ratio of the number of MW of the Network Customer's Network Load during the hour associated with

Non-Complying Members to the number of MW of the Network Customer's Network Load during the hour associated with Complying Members.

(b) The charge under subsection (a) shall not apply if the applicable transmission owner offers network and point-to-point transmission service on the transmission owner's transmission facilities to Eligible Customers at non-pancaked transmission rates.

34.2 [reserved]

34.3 [reserved]

34.4 Redispatch Charge: [reserved]

34.5 Stranded Cost Recovery

Upon the request of a Divesting Owner or PO, the Transmission Provider shall seek to recover stranded costs on behalf of such Divesting Owners or PO from the applicable Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Divesting Owner or PO seeking stranded cost recovery first must have separately filed for and received authorization to collect any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

35 Operating Arrangements

35.1 Operation under The Network Operating Agreement: The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating

Agreement.

35.2 **Network Operating Agreement:** The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council

(NERC) and the FRCC, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and the FRCC requirements. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

35.3 **Network Operating Committee:** A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

IV. GENERATOR INTERCONNECTION SERVICE

36 GIS Request Procedure

The GIS Request Procedure shall apply to all GIS Customers seeking to interconnect generation to the Transmission System or to add capacity or modify the operating characteristics of an existing generation facility connected to the Transmission System in a manner that materially impacts the Transmission System; provided, however, that the Transmission Provider shall be permitted to review and approve nonmaterial modifications to the capacity or operating

characteristics of existing generation on an expedited basis without following the GIS Request Procedures. These procedures shall not apply to any generation facility already interconnected with the Transmission System as of the effective date of this Tariff, except to the extent that the capacity of such generation facility is increased or its operating characteristics are modified. The Transmission Provider shall serve as the central and only authority for receiving and processing GIS requests to interconnect with the Transmission System, although the Transmission Provider shall coordinate its processing and analysis of GIS requests with any PO whose transmission facilities will be affected by the interconnection. Requests to interconnect generation to the facilities of an LSE that are not part of the Transmission System shall be made to and processed by the LSE owning the facilities to which the generation is being connected. In such circumstances the LSE shall coordinate with the Transmission Provider in the processing and evaluation of the requested interconnection, consistent with Good Utility Practice.

37 Scope of GIS Service

GIS Service permits only the interconnection of a generation facility with the Transmission System. Any request for Point-to-Point or Network Transmission Service related to the delivery of the power output of a proposed generation project is separate and distinct from GIS Service. The GIS Feasibility Study (and subsequently, if applicable, the GIS Facility Study) does not determine whether the Transmission System has sufficient capability to deliver any power to any Point of Delivery beyond the point of interconnection between the GIS Customer and the Transmission System. In order to determine whether any of the power output from the proposed generation project can be transmitted from the point of interconnection to a Point of Delivery, an

application for transmission service must be submitted to Transmission Provider pursuant to and in accordance with Part II or III of this Tariff. In addition, a GIS Customer that seeks to have its generation facility qualify to be used to satisfy the Installed Capacity and Energy obligations under Attachment W of the Tariff may make a separate request at any time for the Transmission Provider to evaluate the deliverability of the output of the generation facility and the additional facilities, if any, necessary for that output to meet the deliverability requirements.

38 Initiating a GIS Request

To initiate a request for GIS, the GIS Customer shall submit all of the following:

(i) A ten thousand dollar refundable deposit via either wire transfer or cashiers check, which shall be applied to the GIS Customer's GIS studies cost responsibility;

(ii) The data sheets completed as instructed in Attachment R; and

(iii) Information that demonstrates that the GIS Customer has control of the proposed site. To show control, the GIS Customer must demonstrate, through an affiliated company or directly in its name:

(a) that it is the owner in fee simple of the real property for the project for which GIS is sought; or

(b) that it holds a valid written leasehold interest in the real property for the project for which GIS is sought; or

(c) that it holds a valid written option to purchase or leasehold property for the project for which GIS is sought; or

(d) that it holds a duly executed written contract to purchase or leasehold the real property for which GIS is sought.

A request for GIS will not be considered a valid request until all of the above items have been received by the Transmission Provider. If a request for GIS fails to meet the requirements set forth in this Section 38, the Transmission Provider shall notify the entity requesting GIS service within 15 calendar days of receipt of the initial request of the reasons for such failure and that the request does not constitute a valid request.

39 Original Queue Priority Date

39.1 Establishment of Queue Priority Date

Each valid GIS request submitted pursuant to Section 38 shall be assigned a queue priority date based on the chronological sequence in which it was considered to be a valid request under Section 38. The queue priority date shall be used for the purpose of: (i) establishing the order in which the GIS studies set forth in Section 41 will be performed, (ii) for establishing the scope of the studies; (iii) for determining the priority of interconnection at a given location; and (iv) for determining the amount of a GIS Customer's cost responsibility for the construction of facilities or upgrades necessary to accommodate its GIS request. The business day (Monday through Friday, excluding legal and public holidays) on which the initial valid request is received by Transmission Provider will establish the GIS Customer's queue priority date. Requests received on the same business day shall receive the same queue priority date.

39.2 Transferability of Queue Priority Date

The GIS Customer's queue priority date is project and site specific. A project's queue priority date may be transferred to another entity that purchases the specific project and retains the project at the same location, but otherwise is not transferable, assignable or capable of being leased or sold or otherwise possessed by another entity.

39.3 Queue Priority Date For Requests Submitted Prior to Effective Date of Tariff

Any interconnection request from the owner of a generation facility, including all generation facilities owned by a Divesting Owner or a PO, dated prior to the effective date of this Tariff to interconnect with transmission facilities of a Divesting Owner or a PO shall be given a queue priority date equal to the date that request was considered to be a valid request by the Divesting Owner or PO, provided that:

(i) if the GIS Feasibility Study has not commenced as of the effective date of this Tariff, then the request for GIS shall be processed in accordance with the provisions set forth in this Part IV of the OATT. Any deposit provided by the Customer to the Divesting Owner or PO shall be transferred to the Transmission Provider;

(ii) if the GIS Feasibility Study has commenced but is not completed as of the effective date of this Tariff, then the Transmission Provider shall coordinate with the Divesting Owner and PO in completing the GIS Feasibility Study. Once the GIS Feasibility Study is completed and the results of such study provided to the GIS Customer, the request for GIS shall be processed in accordance with the

provisions set forth in this Part IV of the OATT;

(iii) if the GIS Facilities Study has commenced but is not completed as of the effective date of this Tariff, then the Transmission Provider shall coordinate with the Divesting Owner and PO in completing the GIS Facilities Study. Once the GIS Facilities Study is completed and the results of such study provided to the GIS Customer, the request for GIS shall be processed in accordance with the provisions set forth in this Part IV of the OATT; and

(iv) if the GIS Facilities Study has been completed but the Interconnection Agreement not yet been signed as of the effective date of this Tariff, then the Transmission Provider and the PO shall coordinate in finalizing the Interconnection Agreement as set forth in this Part IV of the OATT.

Any GIS Customer with an outstanding request as of the effective date of this Tariff may request a reasonable extension of any deadline otherwise applicable if necessary to avoid undue hardship or prejudice to its application. A reasonable extension shall be granted by the Transmission Provider to the extent consistent with the intent and process provided for under this Part IV. If a Divesting Owner or a PO has not submitted an interconnection request to itself for a proposed generation facility prior to the effective date of this Tariff, that Divesting Owner or PO must submit a request for such facility pursuant to the provisions of Part IV of this Tariff.

39.4 Establishment of Queue Priority For Existing Requests:

The Transmission Provider shall take the generation interconnection queues for the

Divesting Owners and POs as of the effective date of this Tariff and shall develop an integrated queue priority for all generation interconnection requests on the Divesting Owners' and POs' queues. To the extent that a new Divesting Owner or PO transfers operational control of their transmission facilities to the Transmission Provider after the effective date of this Tariff, the Transmission Provider shall integrate any generation interconnection requests on such Divesting Owner's or PO's queue into the Transmission Provider's queue.

39.5 OASIS Posting of GIS Requests:

The Transmission Provider will maintain on its OASIS a list of all valid requests for GIS that have an established queue priority date, identifying for each request:

(i) The maximum net continuous generating capability (in megawatts) to be interconnected or added;

(ii) The location of the proposed generation requesting to be interconnected or added (generally the closest Transmission Provider transmission substation);

(iii) The queue priority date;

(iv) The status of the processing of the request;

(v) Whether an Interconnection Agreement has been executed and if so, the date of the execution;

(vi) The projected or actual in-service date of the generation; and

(vii) Any other information deemed necessary.

This queue posting shall be updated as necessary pursuant to the provisions of Part IV of this Tariff. The GIS Customer's name will not be included in the OASIS posting.

40 Information Review

Upon receipt of a valid request from a GIS Customer pursuant to Section 38, Transmission Provider will review the information provided and notify the GIS Customer within fifteen days of any minor deficiencies in the information provided or clarifications deemed necessary by the Transmission Provider to conduct the GIS studies. After the Transmission Provider sends any such notification requesting additional information, the GIS Customer shall provide the Transmission Provider the requested information within fifteen days to preserve the GIS Customer's original queue priority date.

41 GIS Studies

41.1 Scope of GIS Request Analysis

The analysis performed to analyze a GIS request is comprised of two (2) separate studies: a GIS Feasibility Study and a GIS Facilities Study. The GIS Feasibility Studies and GIS Facilities Studies will be performed in the order of queue priority dates to the extent projects would be impacted by projects with an earlier queue priority date. The GIS Feasibility Study shall identify:

(i) The requirements or potential impediments to providing the requested GIS; and

(ii) The interconnection facilities that may be needed as a result of a GIS Customer's interconnection of the proposed generation project to the

Transmission System.

The GIS Facilities Study shall include a good faith estimate of:

(i) The interconnection facilities that are needed as a result of a GIS Customer's interconnection of the proposed generation project to the Transmission System;

(ii) The associated cost of such interconnection facilities identified in the GIS Facilities Study and the GIS Customer's responsibility for such costs, and

(iii) The time that will be required to construct such interconnection facilities.

The process for performing these studies is described in this Section 41.

41.2 GIS Study Agreement

After receiving a valid GIS request pursuant to Section 38, the Transmission Provider will send the GIS Customer within fifteen days a GIS Study Agreement ("Study Agreement") setting forth the terms and conditions pursuant to which a GIS Feasibility Study and a GIS Facilities Study will be performed. Included in the Study Agreement will be a good faith estimate of the cost and time to perform the GIS Feasibility Study (sixty days), and an estimate of the time to perform the GIS Facilities Study (sixty days). After the GIS Customer receives the Study Agreement, the GIS Customer must execute and return the Study Agreement and a refundable deposit in the amount of the estimated cost of the GIS Feasibility Study (less the $10,000 deposit already provided), which will be applied to the GIS Customer's GIS Feasibility Study cost responsibility. The executed Study Agreement and the additional deposit shall be provided to the Transmission Provider within 15 days of

the GIS Customer's receipt of the Study Agreement to preserve the GIS Customer's original queue priority date. Since the estimated cost of performing the GIS Facilities Study and the date such study would commence are dependent on the completion and associated results of the GIS Feasibility Study, such information will be provided subsequent to the completion of the GIS Feasibility Study.

41.3 Start Date and Time of Completion for GIS Studies

Ordinarily, the Transmission Provider shall commence a GIS Feasibility Study upon the execution of the Study Agreement and the provision of all data required by Sections 38 and 40 necessary to perform the studies. However, to the extent that there are other GIS requests with an earlier queue priority date that the Transmission Provider believes may have a material impact on the conclusions of such study, the Transmission Provider may not be able to commence the GIS Feasibility Study until studies of GIS requests with an earlier queue priority date are completed. The Study Agreement therefore will include an estimate of when the GIS Customer's GIS Feasibility Study can commence. Once work on the GIS Feasibility Study or the GIS Facilities Study commences, the Transmission Provider will use due diligence to complete such study within 60 days. In addition to utilizing its own personnel, the Transmission Provider will attempt to engage consultants as reasonably necessary to meet its study obligations under this Part IV. In the event that the GIS Feasibility Study cannot commence by the estimated start date, or the GIS Feasibility Study or GIS Facilities Study cannot be completed within 60 days, the Transmission Provider shall so notify the GIS Customer and provide a new estimated start and/or completion date along

with an explanation of the reason(s) why additional time is required to start and/or complete the required studies. The results of each study performed for a GIS Customer shall be provided to the GIS Customer immediately upon its completion.

41.4 GIS Facilities Study

Within 15 calendar days of the GIS Customer's receipt of the results of the GIS Feasibility Study, Transmission Provider shall provide the GIS Customer an estimate of the cost to perform the GIS Facilities Study. For a GIS Customer request to retain its queue priority date, the GIS Customer shall within fifteen days of receiving the estimate of the cost to perform the GIS Facilities Study:

(i) inform Transmission Provider in writing of its decision to proceed with the GIS Facilities Study; and

(ii) provide the additional deposit (less any amount of the previous deposit that was not expended) in the amount estimated for performance of such study.

If the GIS Customer elects not to proceed with the GIS Facilities Study or fails to provide notice of its decision to the Transmission Provider within 15 days of receiving the cost estimate for performing the GIS Facilities Study, its application shall be deemed withdrawn pursuant to Section 45, below.

41.5 Costs of Studies

The charge for the GIS Feasibility Study and the GIS Facilities Study shall equal the actual cost of the studies. In performing the studies, the Transmission Provider shall utilize the best available information and shall consider results from existing studies, as applicable.

The GIS Customer will not be assessed a charge for the Transmission Provider using information from existing studies; however, the GIS Customer will be responsible for any charges associated with any changes to existing studies that are reasonably necessary to evaluate the impact of the GIS Customer's request for GIS.

41.6 Coordination With POs

In conducting the GIS Feasibility Study and the GIS Facilities Study, the Transmission Provider shall coordinate in the processing and analysis of the GIS request with any PO that owns transmission facilities that will be affected by the proposed interconnection. Each PO shall promptly respond to any reasonable requests from the Transmission Provider for information, data, or analysis and for any other assistance in conducting the GIS Studies. A PO shall provide the Transmission Provider with an accounting of its actual costs in responding to any such requests to be included in the total study costs incurred by the Transmission Provider that are the responsibility of the GIS Customer.

42 Unilateral Changes by the GIS Customer to Original GIS Request

42.1 Changes Resulting From Studies

The GIS Customer shall have a one-time right, subject only to the exception noted below, to reasonably modify its initial request submitted pursuant to Section 38 without changing its queue priority date if such modifications result from the findings of the GIS Feasibility Study or the GIS Facilities Study. Any such request for modification shall be made within fifteen days after receipt of the GIS Feasibility Study or GIS Facilities Study, shall be in writing and shall state the reason(s) why the results of the GIS Feasibility Study or the GIS

Facilities Study warranted such modification. If the GIS Customer modifies its request after receipt of the GIS Feasibility Study it shall not be permitted to also modify its request after receipt of the GIS Facilities Study and still retain its queue priority date, unless the results of the GIS Facilities Study indicate a finding that was unforeseen in the results of the GIS Feasibility Study. Modifications permitted under this section shall be limited to: (1) lowering the amount of generation of the proposed project; (2) modifying the technical parameters associated with the generator or the generator step up transformer impedance characteristics; and/or (3) modifying the interconnection configuration. Upon receipt of a GIS Customer's requested modification under this Section, the Transmission Provider shall commence and perform any necessary additional studies as soon as practicable. The GIS Customer may request, in writing, whether a modification of the request is material under this section. GridFlorida shall respond in writing within 15 days of receipt of such request.

42.2 Material Changes Not Resulting From Studies

If, at any time during the process for the GIS studies, (1) the GIS Customer makes a material change(s) or substitution to data (including but not limited to in-service date, project scope, location of project, etc.) not resulting from a GIS study that has already been reviewed or accepted as sufficient; and (2) that material change or substitution requires the Transmission Provider to conduct a significant re-review, re-analysis or re-study of the GIS Customer's request, then the GIS Customer's original initial request shall be deemed null and void and withdrawn pursuant to Section 45, below. In such instance(s), such change(s) shall be treated as a new initial request and the GIS Customer shall be assigned a new queue priority

date based on the date that the GIS Customer complies with the provisions for a valid request and all its provisions shall be re-started and apply, except that the remaining balance of the GIS Customer's original deposit shall apply to the new request. Prior to making any change or substitution, a GIS Customer may first request that the Transmission Provider state whether such change or substitution is material, and any disputes over the Transmission Provider's response shall be subject to dispute resolution.

43 Revised Queue Priority Date (Non-Compliance with Sections 40 and/or 41)

If the Transmission Provider does not receive the requested information within fifteen days, as provided for in Section 40, and/or the executed Study Agreement and the refundable deposit within the time frames prescribed in Section 41.2 above, the GIS Customer's queue priority date will be changed to the later of:

(i) The date the Transmission Provider receives the requested information; or

(ii) The date the Transmission Provider receives both the executed Study Agreement and the associated deposit.

Additionally, the GIS Customer shall have sixty days from the date the GIS Customer receives notice of the deficiency to satisfy the requirements of this Section 43 in order to avoid having to completely initiate a new request. If the GIS Customer does not comply with the provisions of this Section 43 within the prescribed time frame, the application shall be deemed void and withdrawn pursuant to Section 45, below.

44 Interconnection Agreement

44.1 The Decision Period

After the GIS Customer receives a completed GIS Facilities Study from the Transmission Provider, the GIS Customer shall have a thirty day period (the "Decision Period") in which to decide whether to proceed with the proposed request for GIS. If the Transmission Provider does not receive a notice from the GIS Customer within the Decision Period that the GIS Customer wishes to proceed, its request shall be deemed withdrawn pursuant to Section 45, below. If the GIS Customer wishes to proceed with the request for GIS, it must:

(i) Notify the Transmission Provider in writing that it does wish to proceed; and

(ii) Demonstrate to the Transmission Provider that it:

(a) Has or is in the process of obtaining necessary federal, state and local regulatory and permitting requirements;

(b) Controls or is in the process of obtaining fuel delivery systems; and

(c) Has executed or is in the process of executing a contract for the purchase or an option to purchase major pieces of equipment with scheduled delivery dates such that the project is commercially on line by the date specifically delineated in Attachment R.

44.2 The Negotiation Period

Upon the GIS Customer's satisfaction of Section 44.1 above, the Transmission Provider shall tender to the GIS Customer a draft Interconnection Agreement. The Transmission Provider shall use its reasonable efforts to provide a draft Interconnection Agreement within

30 days. The GIS Customer and the Transmission Provider shall then have a ninety (90) calendar day period (the "Negotiation Period") from the GIS Customer's receipt of the draft Interconnection Agreement in which to negotiate and execute an Interconnection Agreement. If the parties have not executed an Interconnection Agreement within the Negotiation Period, the GIS Customer shall inform Transmission Provider in writing whether: (1) it wishes to submit the remaining disputes to binding arbitration; or (2) it wishes the Transmission Provider to submit the Interconnection Agreement in unexecuted form to FERC for filing (in which case the GIS Customer shall agree to be bound by whatever terms and conditions the FERC determines are appropriate); otherwise, its request shall be deemed to be withdrawn pursuant to Section 45. In the event that the GIS Customer requests that the Interconnection Agreement be filed at FERC in unexecuted form, the Transmission Provider shall make the filing within 15 days of receipt of the GIS Customer's request.

44.3 Construction of Interconnection Facilities

The Interconnection Agreement shall specify the facilities to be designed and constructed by the Transmission Provider and any affected PO(s) and the schedule for the design and construction of those facilities. In the event that a PO does not agree to undertake such design and construction activities within a reasonable time, or otherwise does not meet such obligations, the Transmission Provider shall perform such activities for the PO and the PO shall cooperate with the Transmission Provider to provide any assistance and access necessary for that purpose. Alternatively, the Transmission Provider and the GIS Customer

may agree to execute an Interconnection Agreement and request the Commission to rule on reserved issues.

44.4 Interconnection Agreement Milestones

The Interconnection Agreement shall require the GIS Customer to meet certain predefined milestones (e.g., federal, state and local regulatory and permitting requirements, site control, purchase or options to purchase major pieces of equipment with scheduled delivery dates such that the project is commercially on line by the date and as specified in Attachment R fuel delivery arrangements scheduled to be operational such that the project is commercially on line by the date and as specified in Attachment R, etc.) in order to maintain its position in the queue. The milestones may reasonably be extended in the event of delays beyond the reasonable control of the GIS Customer.

44.5 Coordination With POs

In the event that a GIS request involves facilities owned or leased by a PO, the Transmission Provider shall provide to such PO a copy of any draft Interconnection Agreement provided to the GIS Customer and shall keep the PO informed of the status of negotiations concerning the Interconnection Agreement, including any request that the Transmission Provider file the Interconnection Agreement in unexecuted form.

44.6 Optional Reimbursement Agreement for Accelerated Treatment of Proposed Facilities

Where a GIS Customer determines that it may not be able to meet its targeted in-service date if certain engineering, design, procurement or construction activities with long lead times are

not started prior to the execution of an interconnection agreement, a GIS Customer has the option of entering into an agreement with the Transmission Provider at any time prior to the execution of an interconnection agreement to authorize the Transmission Provider to commence earlier engineering, design, procurement, or construction activities that may be required to interconnect the GIS Customer to the Transmission Provider's facilities. The GIS Customer may exercise this option only upon furnishing the Transmission Provider adequate financial security to cover these activities, and at the GIS Customer's sole risk that some or all of the work undertaken by the Transmission Provider may not be required.

45 Right of Withdrawal

The GIS Customer shall have the right to withdraw its GIS request at any time. The Transmission Provider shall also have the right to deem that the request has been withdrawn pursuant to the applicable provisions of this GIS procedure. Any of the GIS Customer's deposit received shall be returned to the GIS Customer, less any expenses incurred by Transmission Provider in processing the request for GIS up to the date of the withdrawal, with interest calculated in accordance with Section 35.19a of FERC's regulations.

46 Notices

Any and all deposits, information, requests, submissions or notifications to Transmission Provider required by this Part IV shall be sent to:

Transmission Provider Mailing Address

Any initial or other request, submittal of deposits or other submissions, demands, notifications or any other transmittal to or by either Transmission Provider or the GIS Customer required herein shall be made in writing and shall be delivered by express next-day delivery service. Neither Transmission Provider nor the GIS Customer will accept verbal, fax or e-mail submissions. The

receipt of any and all deposits, payments, requests, information, submissions, demands, notifications or any other transmittal from the GIS Customer to the Transmission Provider or from the Transmission Provider to the GIS Customer contemplated herein shall be deemed to be on the next business day following delivery to the express delivery service provider, provided that the recipient may demonstrate that it actually received the transmittal on a later date, and upon such demonstration the later date shall be the receipt date. The transmitting entity shall include in its transmittal the date on which it believes any response to the transmittal is due. Any transmittal required within a time period prescribed herein must be received by no later than the close of business on the last day of such time period. The last day of any time period is included in the time period, unless it is a Saturday, Sunday or a legal public holiday, in which case the period does not end until the next business day.

47 Charges for GIS

47.1 Directly Assigned Costs

47.1.1 Generator Interconnection Facilities

The GIS Customer shall own and be responsible for designing, engineering, permitting, constructing, maintaining and operating, and for other attendant costs, for those interconnection facilities identified in the Facilities Study which are required for GIS and that are not considered to be part of the Transmission System, hereinafter referred to as GIS Facilities. Attachment P to the Tariff provides guidelines for identifying GIS Facilities. All costs associated with GIS Facilities, including costs incurred by the Transmission Provider or PO in support of the GIS Customer designing, engineering, permitting, constructing, maintaining and operating GIS Facilities including any costs imposed on the Transmission Provider or PO for any federal, state or local taxes, will be

the responsibility of the GIS Customer.

47.1.2 Third Party Facilities

The GIS Customer is responsible for arranging for the installation of any third party facilities required for the requested GIS. Payment for such facilities shall be arranged between the third party and the GIS Customer. The Transmission Provider will undertake reasonable efforts, in accordance with Section 21 of the Tariff, to assist the GIS Customer in making such arrangements.

47.2 GIS System Upgrades

GIS System Upgrades are those facilities specified in the Facilities Study and that are considered to be part of the Transmission System as specified in Attachment Q of the Tariff.

(a) To the extent GIS System Upgrades are located on the existing Transmission System (e.g., within a substation or a right-of-way considered to be part of the Transmission System), the Transmission Provider or the PO, as applicable, shall be responsible for designing, engineering, permitting, constructing and maintaining such GIS System Upgrades identified in the Facilities Study that are required for GIS. All costs associated with the GIS System Upgrades, including associated costs imposed on the Transmission Provider or PO for any federal, state or local taxes, will be initially the responsibility of the GIS Customer. Within ten (10) days of acceptance by the FERC of the Interconnection Agreement, or at a time otherwise agreed to in the Interconnection Agreement by the GIS Customer and Transmission Provider in accordance with the construction

schedule set forth therein, , the GIS customer shall:(i) enter into a mutually acceptable security arrangement, and (ii) put in place a and payment schedule for the estimated costs of the GIS System Upgrades located on the Transmission System. The Interconnection Agreement will also include terms governing adjustments to such security arrangement and payment schedule, as applicable, based on actual GIS system upgrade costs.

(b) To the extent GIS System Upgrades are not located on the existing Transmission System (e.g., within a substation or a right-of-way considered the existing Transmission System), the GIS Customer shall be responsible for designing, engineering, permitting and constructing such facilities identified in the Facilities Study which are required for GIS. All associated costs, including costs imposed on the Transmission Provider or PO for any federal, state or local taxes, will be initially the responsibility of the GIS Customer.

47.3 Credits for GIS System Upgrades

When the GIS System Upgrades are completed and the transmission service is used to transmit power from the GIS generation facility, credits will be provided to the GIS Customer on a dollar for dollar basis until such time as the GIS system upgrade costs have been fully offset. The credits will be provided as described below.

47.3.1 Credits Associated With Point-To-Point Transmission Service

For each MW of Reserved Capacity associated with Point-to-Point transmission service pursuant to Part II of the Tariff and where the GIS Customer's generating facility is the source of power, the Transmission Provider shall provide a monthly credit on the GIS Customer's

bill equal to the charges for such Firm Point-To-Point Transmission Service. If party other than the GIS Customer is the Transmission Customer for such Point-to-Point transmission service, the Transmission Provider shall, at the request of the GIS Customer, assign all or part of the credit to that Transmission Customer.

47.3.2 Credits Associated With Network Transmission Service

If the GIS Customer's generation facility is designated as a Network Resource pursuant to Part III of the Tariff, the Transmission Provider shall, at the request of the GIS Customer, provide a monthly credit on the Network Customer's bill up to (a) the ratio of the unit's net MW capacity designated as a Network Resource by the Network Customer during the peak hour(s) of the Network Customer's applicable billing determinants to the total net MW of the Designated Network Resources of the Network Customer during such hour(s), multiplied by (b) the Network Customer's applicable monthly transmission service charges.

47.4 Dual Use Facility Interconnection Costs

Except as otherwise provided for in the Interconnection Agreement, the Transmission Provider or the PO, as applicable, shall be responsible for the use and maintenance for dual use facilities which are required for GIS. Attachment P to the Tariff provides guidelines for determining the responsibility for charges for dual use facilities, including associated costs imposed for any federal, state or local taxes.

V. SCHEDULING COORDINATORS

48 Scheduling Coordinators

48.1 Responsibilities of a Scheduling Coordinator:

Scheduling Coordinators may act as agents for Transmission Customers for all purposes of this Tariff, to the extent requested by the Transmission Customer. However, the Transmission Provider will only accept requests for transmission reservations and schedules for Energy and Ancillary Services from Scheduling Coordinators, and the Transmission Provider will bill only the Scheduling Coordinator for transmission service provided to Transmission Customers. Each Scheduling Coordinator shall:

(1) Provide confirmation that it has been certified as a Scheduling Coordinator pursuant to Section 48.2;

(2) Identify each of the Eligible Customers on the Transmission Provider's Transmission System which it is authorized to represent as a Scheduling Coordinator;

(3) Confirm that each of the Eligible Customers it represents on the Transmission Provider's Transmission System is eligible for Transmission Service;

(4) Demonstrate to the Transmission Provider's reasonable satisfaction that the financial criteria set out in Section 48.5 have been met; and

(5) Demonstrate to the Transmission Provider's reasonable satisfaction that each LSE served by the Scheduling Coordinator has executed a Reliability Agreement with the Transmission Provider as provided in Section I.F of the Operating Protocol (Attachment O).

48.2 Certification: A Transmission Customer may also be a Scheduling Coordinator. All Divesting Owners and POs and existing Network Customers and Long-Term Firm Point-to-Point Transmission Customers as of the effective date of this Tariff who perform a scheduling function automatically shall be certified as Scheduling Coordinators, provided that they maintain their credit worthiness as provided in the relevant OATT of the Divesting Owner or PO in effect immediately prior to the effectiveness of this Tariff. The Transmission Provider will certify additional Scheduling Coordinators in accordance with the following application procedures. A completed SC Application Form must be furnished to the Transmission Provider at least sixty (60) days before the date on which the applicant proposes to commence service as a Scheduling Coordinator. A completed SC Application must provide all of the following information:

(i) The identity, address, telephone number and facsimile number of the SC Applicant;

(ii) Evidence that items (1)-(5) of Section 48.1 have been satisfied;

(iii) A statement of qualifications that will demonstrate to the Transmission Provider's reasonable satisfaction that it is capable of performing the functions of a Scheduling Coordinator under this Tariff including, without limitation, the functions specified in Sections 48.3 and 48.4;

(iv) A statement that the Customers represented by the SC Applicant are, or will be upon commencement of service, Eligible Customers under the Tariff; and

(v) A verification of creditworthiness pursuant to Section 48.5.

The Transmission Provider will review the application for certification of SC Applicants and may request additional information, clarification or documentation from the SC Applicant needed to process the application within fifteen (15) days of receiving the SC Application Form. The SC Applicant will have fifteen (15) days or such longer period as the Transmission Provider may agree, to respond. If the SC Applicant fails to respond within the agreed time period, the application is deemed withdrawn. Within ten (10) days after the SC Applicant has provided all of the additional information requested by the Transmission Provider, the Transmission Provider will notify the SC Applicant in writing whether its application has been accepted or rejected. If the application is rejected, such notice will contain a written explanation of the reasons for the rejection.

48.3 Responsibilities: The Scheduling Coordinator shall be responsible for:

(1) Paying the Transmission Provider's bill in accordance with this Tariff for all Transmission Service Ancillary Services provided to any Transmission Customer represented by the Scheduling Coordinator and any other payments required pursuant to this Tariff by any other entity represented by the Scheduling Coordinator, provided that this provision shall not relieve any Transmission Customer or other entity obligated to make payments to the Transmission Provider from the responsibility of making such payments if they are not made when due by its Scheduling Coordinator;

(2) Submitting balanced schedules for all entities for which it serves as Scheduling Coordinator;

(3) Coordinating and allocating curtailments and interruptions in Load and the altering of schedules in accordance with this Tariff;

(4) Scheduling deliveries to or from other Scheduling Coordinators; and

(5) Identifying all Eligible Customers which it represents and promptly notifying the Transmission Provider of any change in these Eligible Customers.

48.4 Operation of Scheduling Coordinators: Each Scheduling Coordinator will maintain a scheduling center for the purposes of communicating with the Transmission Provider on a real time basis. Each Scheduling Coordinator will at all times in which it has scheduled transactions on the Transmission System have present a designated member of its staff who will be responsible for operational communications with the Transmission Provider and who will have sufficient authority to commit and bind the Scheduling Coordinator.

48.5 Security Deposit: A Scheduling Coordinator must (1) maintain an Approved Credit Rating acceptable to the Transmission Provider or (2) provide one of the following forms of security for an amount described below:

(a) An irrevocable direct pay letter of credit confirmed by a bank or financial institution reasonably acceptable to the Transmission Provider;

(b) An unconditional and irrevocable guarantee by a company which has and maintains an Approved Credit Rating; or

(c) A cash deposit standing to the credit of an interest bearing escrow account maintained at a bank or financial institution reasonably acceptable to the Transmission Provider.

(d) Other similar financial instruments acceptable to the Transmission Provider.

The form of security shall be in an amount equivalent to the estimated cost of two months of Transmission and Ancillary Service for all of the Scheduling Coordinator's

Transmission Customers for whom Transmission Service is being provided under this Tariff. The Transmission Provider will, following termination of a SC Certification pursuant to Section 48.7 and within thirty (30) days of being satisfied that no sums remain owing by the Scheduling Coordinator under this Tariff, return or release to the Scheduling Coordinator, as appropriate, any money or credit support provided by such Scheduling Coordinator to the Transmission Provider under this Section. The SC has an ongoing obligation to notify the Transmission Provider within three business days of changes to its credit rating. The Transmission Provider reserves the right to review the SC's creditworthiness periodically and to require the SC to submit an alternate form of security if necessary.

48.6 Termination of SC Certification: A Scheduling Coordinator's Certification can be terminated by

(1) the Transmission Provider on written notice:

(a) if the Scheduling Coordinator no longer meets the requirements set forth in Section 48.1;

(b) if the Scheduling Coordinator fails to pay any sum under Section 48.3(1) or any other provision of this Tariff and fails to remedy the default within a period of seven (7) days after the Transmission Provider has given written notice of the default; or

(c) if the Scheduling Coordinator commits any other default under this Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the Transmission Provider has given written notice of the default; or

(2) by the Scheduling Coordinator on sixty (60) days written notice to the Transmission Provider, provided that such notice will not be effective to terminate the Certification until the Scheduling Coordinator has complied with all applicable requirements of Section 48.4. The Transmission Provider will, as soon as reasonably practicable following the occurrence of any of the events specified above notify the Scheduling Coordinator and each of the Customers as noticed to it under Section 48.1 that the Certification is being terminated. Each affected Customer must make arrangements to be served by a new Scheduling Coordinator.

SCHEDULE 1

Scheduling, System Control and Dispatch Service

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

Rates

The rates for Scheduling, System Control and Dispatch Service applicable for the upcoming calendar year will be developed by December 1 of each year based on projected data. The rates and resultant charges will be subject to true-up based on the actual load data consistent with Attachment U and actual cost data recorded for the year. True-ups will be calculated on an annual basis by June 1 of each year.

The rates for Scheduling, System Control and Dispatch Service are as follows:

1) Annual Scheduling Rate = Scheduling Costs / (the sum of the Monthly

Projected Transmission System Peaks for the next calendar year)

2) Monthly Scheduling Rate = Scheduling Costs / (the sum of the Monthly Projected Transmission System Peaks for the next calendar year)/ 12

3) Weekly Scheduling Rate = Scheduling Costs/ (the sum of the Monthly Projected Transmission System Peaks for the next calendar year)/ 52

4) Daily Scheduling Rate = Scheduling Costs/ (the sum of the Monthly Projected Transmission System Peaks for the next calendar year)/ 52/5

5) Hourly Scheduling Rate = Scheduling Costs/ (the sum of the Monthly Projected Transmission System Peaks for the next calendar year/ 52/5/16

Scheduling Costs

Scheduling Costs = Account 561 + Scheduling Revenue Credits

Scheduling Revenue Credits (deduction to expenses) = the Schedule 1 revenues for transmission transactions not reflected in Monthly Projected Transmission System Peaks + revenues received for providing security coordinator services, reported as a credit.

Billing Determinants

A Point-to-Point Transmission Service Customer's charge for Scheduling, System Control and Dispatch Service will be based on its Reserved Capacity. The total charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in MW of transmission service reserved in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for hourly or daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in MW of transmission service reserved in any hour during such week.

A Network Customer's charge each month will be determined by multiplying the

Monthly Scheduling Rate times the Network Customer's Monthly Actual Transmission System Peak for the applicable month.

SCHEDULE 2

Reactive Supply and Voltage Control from

Generation Sources Service

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities.

All generators will be required to provide reactive power as part of their Interconnection Agreements with the Transmission Provider. The Transmission Provider will define a single power factor requirement, which will be consistent with NERC and FRCC requirements, that all generators must meet as part of their interconnection requirements, provided that generators that are operational or planned and under construction as of the date this Tariff is placed into effect and that do not have the capacity to satisfy such requirement shall provide reactive power consistent with their existing power factor range capabilities. A generator's power factor range capability shall be the facility's design rating, not its maximum safe performance level.

The Transmission Provider will determine the reactive power requirements of each generator in real time.

Generators will not be compensated for Reactive Supply and Voltage Control from Generation Sources Service, provided that to the extent a generator must reduce its real power output to provide or absorb reactive power in response to Transmission Provider dispatch instructions outside of the reactive requirements included in the applicable

interconnection-related agreement, the generator will be compensated for its lost opportunity costs. A generator's lost opportunity costs in an hour in which the generator was required to reduce its real power output to provide or absorb reactive power will be equal to the energy clearing price in the Congestion Zone in which the generator is located, calculated pursuant to Attachment P, for the hour. The opportunity costs paid to generators in an hour shall be allocated to all firm MWh of transmission service during that hour, which shall be equal to the MWh of transmission service provided to Transmission Customers to load within the Transmission System plus the MWh of transmission through or out of the Transmission System during the hour.

SCHEDULE 3

Regulation and Frequency Response Service

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). Regulation Service will be provided in accordance with Attachment P of this Tariff.

SCHEDULE 4

Balancing Service

Balancing Service is the use of incs and decs by the Transmission Provider in real-time to deliver energy to or acquire energy to balance the Transmission Provider's system during an hour. Balancing Service will be provided in accordance with Attachment P of this Tariff.

SCHEDULE 5

Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output. Spinning Reserve Service will be provided in accordance with Attachment P of this Tariff.

SCHEDULE 6

Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time determined by GridFlorida consistent with FRCC rules. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load. Supplemental Reserve Service will be provided in accordance with Attachment P of this Tariff.

SCHEDULE 7

Long-Term Firm and Short-Term Firm Point-To-Point

Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth below. Reserved Capacity must include losses calculated in accordance with Schedule 9 at the Point(s) of Receipt.

1) **Service to a Point of Delivery Within a Transmission Rate Zone**

For service to a Point of Delivery within a Transmission Rate Zone, i.e., for service to load within that Transmission Rate Zone, including to a TDU or other load serving entity that does not join GridFlorida but is located within a Transmission Rate Zone (which also is subject to Section 4 of this Schedule 7), Transmission Customer shall pay the following charge:

A) **Yearly delivery**: Up to the Zonal Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per year to Points of Delivery within the Transmission Rate Zone.

B) **Monthly delivery**: Up to 1/12 of the Zonal Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per month to Points of Delivery within the Transmission Rate Zone.

C) **Weekly delivery**: Up to 1/52 of the Zonal Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per week to Points of Delivery within the Transmission Rate Zone.

D) **Daily delivery**: Up to 1/260 of the Zonal Rate, multiplied by the

Transmission Customer's MW of Reserved Capacity per day to Points of Delivery within the Transmission Rate Zone.

The total charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (1)(C) above times the highest amount in MW of Reserved Capacity in any day during such week.

2) **Through and Out Service**

For Firm Point-to-Point Transmission Service that is not provided to a Point of Delivery within a Transmission Rate Zone, other than service to a TDU or other load serving entity that does not join GridFlorida and that is charged pursuant to Section 1 of this Schedule 7, Transmission Customer shall pay the following charge:

A) **Yearly delivery**: Up to the Through And Out Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per year to Points of Delivery outside the Transmission Rate Zones (other than service to a TDU or other load serving entity that does not join GridFlorida and that is charged pursuant to Section 1 of this Schedule 7).

B) **Monthly delivery**: Up to 1/12 of the Through And Out Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per month to Points of Delivery outside the Transmission Rate Zones (other than service to a TDU or other load serving entity that does not join GridFlorida and that is charged pursuant to Section 1 of this Schedule 7).

C) **Weekly delivery**: Up to 1/52 of the Through And Out Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per week to Points of Delivery outside the Transmission Rate Zones (other than service to a TDU or

other load serving entity that does not join GridFlorida and that is charged pursuant to Section 1 of this Schedule 7).

D) **Daily delivery**: Up to 1/260 of the Through And Out Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per day to Points of Delivery outside the Transmission Rate Zones (other than service to a TDU or other load serving entity that does not join GridFlorida and that is charged pursuant to Section 1 of this Schedule 7).

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2)(C) above times the highest amount in MW of Reserved Capacity in any day during such week.

3) **System-Wide Access Charge**

In addition to the applicable charges pursuant to Sections 1 and 2 of this Schedule 7, Transmission Customer shall pay the following charge:

A) **Yearly delivery**: Up to the System-Wide Rate, multiplied by the Transmission Customer's total MW of Reserved Capacity per year.

B) **Monthly delivery**: Up to 1/12 of the System-Wide Rate, multiplied by the Transmission Customer's total MW of Reserved Capacity per month.

C) **Weekly delivery**: Up to 1/52 of the System-Wide Rate, multiplied by the Transmission Customer's total MW of Reserved Capacity per week.

D) **Daily delivery**: Up to 1/260 of the System-Wide Rate, multiplied by the Transmission Customer's total MW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the charge specified in section (3)(C) calculated based on the highest

amount in MW of Reserved Capacity in any day during such week.

4) **Direct Assignment Charges and Grid Management Charge**: In addition to the applicable charges pursuant to Sections 1, 2, and 3 of this Schedule 7, the Transmission Customer shall pay (a) the Grid Management Charge, calculated in accordance with Schedule 10, (b) any Direct Assignment Facilities costs, and (c) in the case of a TDU, the cost of Existing Facilities owned by the TDU or sold by the TDU to the Transmission Provider that is not included in Annual Zonal Transmission Costs or Annual System Transmission Costs.

5) **Charge When A Party to a Transaction or an Affiliate or Associate of a Party to a Transaction Owns Transmission Facilities That are Located in the FRCC and That Are Not Included in a Commission-Approved Regional Transmission Organization Transmission Tariff**:

(a) Notwithstanding the foregoing, and except as provided in subsection (b), if (i) any party to a transaction or affiliate or associate of a party to a transaction, for which transaction transmission service is obtained hereunder, owns or controls any transmission facilities that are located in the FRCC and that are not included in a Commission-approved Regional Transmission Organization transmission tariff, and (ii) that party, affiliate, or associate has not received an order from the Commission waiving the requirement for a transmission tariff for those transmission facilities, then during the first nine Tariff Years the Transmission Customer shall pay for service in accordance with the following provisions:

(iii) For service to a Point of Delivery within a Transmission Rate Zone,

all charges applicable to such service under this Tariff shall apply. In addition, when the Point of Receipt is located in a different Transmission Rate Zone than the Point of Delivery, the Transmission Customer shall pay the charge applicable for use of the Transmission Rate Zone in which the Point of Receipt is located, as calculated in accordance with Sections 1 and 3 of this Schedule 7 based on the Transmission Customer's MW of Reserved Capacity.

(iv) For Through and Out Service, the Transmission Customer shall pay for the use of Existing Facilities the higher of (a) the charge calculated pursuant to Sections 2 and 3 of this Schedule 7 or (b) the charge applicable to use of the Transmission Rate Zone in which the Point of Receipt is located plus the charge for use of the Transmission Rate Zone in which the Point of Delivery is located, as calculated in accordance with Sections 1 and 3 of this Schedule 7, both calculated based on the Transmission Customer's MW of Reserved Capacity. The Transmission Customer also shall pay all other charges applicable to such service under this Tariff.

(b) The charge under subsection (a) shall not apply if the applicable transmission owner offers network and point-to-point transmission service on the transmission owner's transmission facilities to Eligible Customers at non-pancaked transmission rates.

6) **Discounts**: Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to

all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System. Nothing in this Section shall limit the applicability of Section 4 of this Schedule 7 to a party to a transaction or an affiliate of a party to a transaction that owns transmission facilities that are not included in a Commission-approved Regional Transmission Organization transmission tariff.

7) **Exceeded Reservations**: In the event that the Transmission Customer exceeds its firm Reserved Capacity (excluding losses) at a Point of Delivery, the Transmission Customer's Reserved Capacity shall be increased for billing purposes by the amount of the excess for the entire term of the transmission service.

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below. Reserved Capacity must include losses calculated in accordance with Schedule 9 at the Point(s) of Receipt.

1) **Monthly delivery**: Charges up to each applicable charge under Sections 1, 2, and 3 of Schedule 7 for monthly Firm Point-to-Point Transmission Service.

2) **Weekly delivery**: Charges up to each applicable charge under Sections 1, 2, and 3 of Schedule 7 for weekly Firm Point-to-Point Transmission Service.

3) **Daily delivery**: Charges up to each applicable charge under Sections 1, 2, and 3 of Schedule 7 for daily Firm Point-to-Point Transmission Service.

4) **Hourly delivery**: The charges for hourly delivery shall be up to each applicable charge for daily delivery/16.

The total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in MW of Non-Firm Point-to-Point Transmission service reserved in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in MW of Non-Firm Point-to-Point Transmission service reserved in any hour during such week.

5) **Direct Assignment Charges and Grid Management Charge**: In addition to the applicable charges pursuant to Sections 1 through 4 of this Schedule 8, the Transmission

Customer shall pay (a) the Grid Management Charge, calculated in accordance with Schedule 10, (b) any Direct Assignment Facilities costs, and (c) in the case of a TDU, the cost of Existing Facilities owned by the TDU or sold by the TDU to the Transmission Provider that is not included in Annual Zonal Transmission Costs or Annual System Transmission Costs.

6) **Charge When A Party to a Transaction or an Affiliate or Associate of a Party to a Transaction Owns Transmission Facilities That are Located in the FRCC and That Are Not Included in a Commission-Approved Regional Transmission Organization Transmission Tariff:**

(a) Notwithstanding the foregoing, and except as provided in subsection (b), if (i) any party to a transaction or affiliate or associate of a party to a transaction, for which transaction transmission service is obtained hereunder, owns or controls any transmission facilities that are located in the FRCC and that are not included in a Commission-approved Regional Transmission Organization transmission tariff, and (ii) that party, affiliate, or associate has not received an order from the Commission waiving the requirement for a transmission tariff for those transmission facilities, then during the first nine Tariff Years the Transmission Customer shall pay for the use of Existing Facilities in accordance with the following provisions:

(iii) For service to a Point of Delivery within a Transmission Rate Zone, all charges applicable to such service under this Tariff shall apply. In addition, when the Point of Receipt is located in a different Transmission Rate Zone than the Point of Delivery, the Transmission

Customer shall pay up to the charge applicable to use of the Transmission Rate Zone in which the Point of Receipt is located, as calculated in accordance with Sections 1 and 3 of this Schedule 7 based on the Transmission Customer's MW of Reserved Capacity.

(iv) For Through and Out Service, the Transmission Customer shall pay for the use of Existing Facilities up to the higher of (a) the charge calculated pursuant to Section 2 of Schedule 7 or (b) the charge applicable to use of the Transmission Rate Zone in which the Point of Receipt is located plus the charge for use of the Transmission Rate Zone in which the Point of Delivery is located, as calculated in accordance with Sections 1 and 3 of Schedule 7, both calculated based on the Transmission Customer's MW of Reserved Capacity. The Transmission Customer also shall pay all other charges applicable to such service under this Tariff.

(b) The charge under subsection (a) shall not apply if the applicable transmission owner offers network and point-to-point transmission service on the transmission owner's transmission facilities to Eligible Customers at non-pancaked transmission rates.

7) **Discounts**: Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details

must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System. Nothing in this Section shall limit the applicability of Section 5 of this Schedule 8 to a party to a transaction or an affiliate of a party to a transaction that owns transmission facilities that are not included in a Commission-approved Regional Transmission Organization transmission tariff.

8) **Exceeded Reservations**: In the event that the Non-Firm Transmission Service provided to the Transmission Customer exceeds the reserved amount (excluding losses) at the Point of Delivery, the Transmission Customer shall be charged (i) for hourly Non-Firm Transmission Service, 200 percent of the applicable charges under this Schedule 8 for the amount of Non-Firm Transmission Service that exceeds the reservation, (ii) for all other Non-Firm Transmission Service, the Transmission Customer's reservation amount shall be increased for billing purposes by the amount of the excess for the entire term of the transmission service.

SCHEDULE 9

Losses

1) Scheduling Coordinators are responsible for submitting their schedules to provide for the supply of losses to the nearest MW. The applicable transmission loss factors will be determined in accordance with this Schedule 9.

2) Subject to Section 4, for Firm Point-to-Point Transmission Service to a Point of Delivery that is located within a Transmission Rate Zone and for Network Transmission Service to Network Load that is located within a Transmission Rate Zone the transmission loss factor shall be the loss factor for the Transmission Rate Zone in which the Point of Delivery or Network Load is located. The Transmission Rate Zones' loss factors are as follows:

   (a) Florida Power & Light Transmission Rate Zone: 2.19 percent

   (b) Tampa Electric Company Transmission Rate Zone: 1.45 percent

   (c) Florida Power Corporation Transmission Rate Zone: 2.24 percent

3) Subject to Section 4, for Firm Point-to-Point Transmission Service to a Point of Delivery that is not located within a Transmission Rate Zone and for Network Transmission Service to Network Load not physically interconnected with the Transmission Provider under Section 31.3 the loss factor shall be calculated on an average basis. The transmission loss factor applicable to such service is to be filed.

4) Each hour, the Transmission Provider will calculate (i) total actual transmission losses for the Transmission System during the hour and (ii) the difference between the total actual transmission losses in the hour and losses allocated to Scheduling Coordinators under Sections 2 and 3 for the hour. Said difference will be allocated to

all MWh of transmission service on the Transmission System during the hour.

SCHEDULE 10

Grid Management Charge and FERC Assessment

1) The Transmission Customer shall pay the Transmission Provider the Grid Management Charge ("GMC") and for FERC Assessments, as provided in this Schedule 10.

2) Grid Management Charge

a. The GMC applicable for the upcoming calendar year will be developed by December 1 of each year based on projected data. The GMC will be subject to true-up based on the actual load data consistent with Attachment U and actual cost data recorded for the year. The GMC true-up will be calculated on an annual basis by June 1 of each year to reflect actual costs and load data for the prior year. The GMC shall be calculated as follows:

(i) Annual GMC = (Start-Up Costs + Administrative Costs + Market Monitoring Costs + Revenue Credits)/ (the sum of the Monthly Projected Transmission Peaks for the next calendar year)

(ii) Monthly GMC = (Start-Up Costs + Administrative Costs + Market Monitoring Costs + Revenue Credits)/ (the sum of the Monthly Projected Transmission Peaks for the next calendar year)/ 12

(iii) Weekly GMC = (Start-Up Costs + Administrative Costs + Market Monitoring Costs + Revenue Credits)/ (the sum of the Monthly Projected Transmission Peaks for the next calendar year)/ 52

(iv) Daily GMC = (Start-Up Costs + Administrative Costs + Market Monitoring Costs + Revenue Credits)/ (the sum of the Monthly

Projected Transmission Peaks for the next calendar year)/ 52/5

(v) Hourly GMC = (Start-Up Costs + Administrative Costs + Market Monitoring Costs + Revenue Credits)/ (the sum of the Monthly Projected Transmission Peaks for the next calendar year)/ 52/5/16

(vi) A Point-to-Point Transmission Service Customer's charge will be based on its Reserved Capacity. The total charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the rate specified in section (iv) above times the highest amount in MW of transmission service reserved in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for hourly or daily delivery, shall not exceed the rate specified in section (iii) above times the highest amount in MW of transmission service reserved in any hour during such week.

(vii) A Network Customer's charge each month will be determined by multiplying the Monthly GMC specified in section (ii) above times the Network Customer's Monthly Actual Transmission System Peak for the applicable month.

b. Start-Up Costs = (Start-Up Rate Base) * Return + Start-Up Expenses + Start-Up Taxes. Initially, Start-Up costs will be estimated costs, subject to Commission approval.

(i) Start-Up Rate Base = Gross Balance of Start-Up Costs less amortization to-date in Account 182.3 - Accumulated Deferred Income Taxes associated with Start-Up Costs in Accounts 281-283

offset by Account 190. Balances will be based on simple averages of beginning-of-year and end-of-year balances.

(ii) Return = Per book Capitalization Ratio for Long-term Debt * Cost of Long-term Debt + Per book Capitalization Ratio for Preferred Stock Capital * Cost of Preferred Stock Capital + Per book Capitalization Ratio for Common Equity * Cost of Common Equity

(iii) Start-Up Expenses = amortization of the gross balance of Start-Up Costs in Account 182.3 based on a five year amortization schedule

(iv) Start-Up Taxes = Start-Up Income Taxes

(a) Start-Up Income Taxes = Start-Up Rate Base * (Per book Capitalization Ratio for Common Equity * Cost of Common Equity + Per book Capitalization Ratio for Preferred Stock Capital * Cost of Preferred Stock Capital) * (Composite Federal and State Income Taxes Rate)/(1- Composite Federal and State Income Tax Rate)

(b) Composite Federal and State Income Tax = Federal Income Taxes Rate + State Income Tax Rate – Federal Income Taxes Rate * State Income Tax Rate

c. Administrative Costs1/ = Administrative O&M Expenses + General Rate Base * Return + Administrative and General Taxes + General Plant

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1/ The Transmission Provider will allocate, where appropriate, a portion of the cost of corporate service accounts to the management of transmission assets owned by the Transmission Provider.

Depreciation Expenses

(i) Administrative O&M Expenses = Sum of Accounts 901-917 and 920-923 and 925-933 (excluding any of the following: the amortization of any start-up costs, market monitoring charges, any rental payments to the Divesting Utilities or Participating Utilities included in Account 931, and any FERC assessment charges recovered as direct assignments from GridFlorida's customers included in Account 928) + Property Insurance associated with General Plant + Maintenance of General Plant

(a) Property Insurance associated with General Plant = (Simple average of beginning-of-year and end-of-year balances of Accounts 389-399 less the original cost of general plant transferred to GridFlorida from the Divesting Utilities)/ Total Plant-in-Service * Account 924

(b) Maintenance of General Plant = Account 935 * (Simple average of beginning-of-year and end-of-year balances of Accounts 389-399 less the original cost of any general plant transferred from the Divesting Utilities)/ Total in Accounts 389-399

(ii) General Rate Base = General and Intangible Plant - Accumulated Depreciation on General and Intangible Plant - Accumulated Deferred Income Taxes on General and Intangible Plant + Working Capital associated with administrative costs + General Plant Held For Future

Use

(a) General and Intangible Plant = Simple average of beginning-of-year and end-of-year balances of Accounts 301 through 303 and 389-399 less the original cost of general plant transferred to GridFlorida from the Divesting Utilities

(b) Accumulated Depreciation on General and Intangible Plant = Simple average of beginning-of-year and end-of-year balances of Accounts 108 and 111 associated with General and Intangible Plant as defined above

(c) Accumulated Deferred Income Taxes = Simple average of beginning-of-year and end-of-year amounts associated with General and Intangible Plant as defined above in Accounts 281-283, offset by Account 190

(d) Working Capital = 1/8 * Administrative O&M Expenses

(e) General Plant held for Future Use = Simple average of beginning-of-year and end-of-year balances of Account 105 associated with General Plant. Amounts shall be limited to land and land right held for future use.

(iii) Return = Per book Capitalization Ratio for Long-term Debt * Cost of Long-term Debt + Per book Capitalization Ratio for Preferred Stock Capital * Cost of Preferred Stock Capital + Per book Capitalization

Ratio for Common Equity * Cost of Common Equity2/

(iv) Administrative and General Taxes = General Income Taxes + Administrative Payroll Taxes + General Property Taxes + General Miscellaneous Taxes

(a) General Income Taxes = General Rate Base * (Per book Capitalization Ratio for Common Equity * Cost of Common Equity + Per book Capitalization Ratio for Preferred Stock Capital * Cost of Preferred Stock Capital) * (Composite Federal and State Income Taxes Rate)/(1- Composite Federal and State Income Tax Rate)

(1) Composite Federal and State Income Tax = Federal Income Taxes Rate + State Income Tax Rate – Federal Income Taxes Rate * State Income Tax Rate

(b) Administrative Payroll Taxes = (Administrative Payroll)/Total Payroll * Total Payroll Taxes

(1) Administrative Payroll = Payroll in Accounts 901-917 and 920-935 (excluding the amortization of any start-up costs and market monitoring charges)

(c) General Property Taxes = General and Intangible Plant as defined above/ Total plant-in-Service * Total Property Taxes

(d) General Miscellaneous Taxes = General and Intangible Plant as

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2/ Cost of Common Equity to be filed.

defined above/ Total plant-in-Service * Miscellaneous Taxes

(v) General Plant Depreciation = Amounts in Account 403-405, 407.3 and 407.4 associated with General and Intangible Plant as defined above

d. Market Monitoring Costs = sum of point accounts established by the Transmission Provider to track costs associated with market monitoring

e. Revenue Credits (deduction to expenses) = Schedule 10 revenues for transmission transactions not reflected in Monthly Projected Transmission System Peak, reported as a credit.

3) FERC Assessment

(a) Each year GridFlorida shall determine, and each Transmission Customer receiving service under the Tariff shall pay to the Transmission Provider, a pro-rata share of the total annual charge assessed by the FERC pursuant to 18 CFR Part 382, Annual Charges Under the Omnibus Budget Reconciliation Act of 1986 ("FERC Assessment Charge").

(b) The total FERC Assessment Charge to be paid by the Transmission Customer shall be the sum of the following:

(i) The product of (i) the amount of electric energy (expressed in megawatt hours) transmitted over the Transmission System of the Transmission Provider for the Transmission Customer under the Tariff during the assessment period and (ii) the applicable FERC Assessment rate as such rate appears on the appropriate FERC Statement of Annual Charges. The Transmission Customer will provide to the Transmission Provider any information needed for the calculation of

such charge.

(ii) The pro rata share of FERC Assessment Charges identified by each Participating Owner for transmission services to Transmission Customers during the period the Participating Owner was a Transmission Provider and for which the Transmission Customer would otherwise be responsible for payment to the Participating Owner. The Participating Owner shall provide to the Transmission Provider the information necessary for the pro rata recovery of such charges from each Transmission Customer who received service during the assessment period.

(c) The FERC Assessment Charge will normally be assessed in the year following the year in which service is provided. In the event that the Commission (or any successor agency) changes the method it utilizes to calculate the FERC Assessment Charge, the FERC Assessment Charge will be calculated in a manner consistent with such changed methodology so as to assign to the Transmission Customer a pro rata share of the FERC Assessment Charge. The Transmission Customer shall have the obligation to pay such revised FERC Assessment Charge upon its determination by the Transmission Provider.

(d) Transmission Customers shall pay the amount determined by the Transmission Provider within 30 days of notification of the determination of total FERC Assessment Charge. Within 30 days of receipt of payments from Transmission Customers, the Transmission Provider shall provide to each

Participating Owner the FERC Assessment Charge associated with transmission service during the period the Participating Owner was a Transmission Provider.

4) The Transmission Provider shall maintain a set of financial statements and records in accordance with the Commission's Uniform System of Accounts.

SCHEDULE 11

System Restoration Service

System Restoration Service is a necessary service for system reliability. System Restoration capability is an essential component of GridFlorida's restoration plan and must be under the control of GridFlorida in order to allow orderly restoration of the Transmission System in the event of a full or partial system shut down.

System Restoration Service Requirements

1.1 GridFlorida will determine the amount and locations of System Restoration capability required. The System Restoration capability available to GridFlorida as of the commencement of operations of GridFlorida shall, at a minimum, consist of the existing System Restoration units of Divesting Owners and POs. GridFlorida also will administer a procurement process for System Restoration Service. Scheduling Coordinators may offer eligible generating units to provide System Restoration Service in this process.

1.2 When determining System Restoration requirements, GridFlorida's considerations will include the following technical requirements: (i) the location of the generating unit; (ii) the start-up time of the generating unit; (iii) the maximum response rate of the generating unit in MW/minutes above minimum output; and (iv) maximum MW output of the unit.

2 Payments for System Restoration Service

GridFlorida shall enter into bilateral agreements with each Scheduling Coordinator for the System Restoration generating units selected in the annual process.

3 Charges for System Restoration Service

Each Transmission Customer shall be allocated and shall pay a pro-rata share of the total payments made to suppliers of System Restoration Service each month on the basis of their total billing determinants for transmission services for the month.

4 Certification and Testing of System Restoration Resources

GridFlorida shall establish the minimum technical standards for a generator to qualify to provide System Restoration Service and shall post these on its website. GridFlorida must certify generating units as eligible to provide System Restoration Service. Annually, each System Restoration generating unit will be tested by GridFlorida to ensure its ability to provide System Restoration Service in accordance with the terms of its agreement with GridFlorida. GridFlorida shall establish standards and procedures for annual testing. If the generating unit does not pass the annual test, the generating unit shall lose its certification and the Scheduling Coordinator shall receive no further System Restoration Service payments for that generating unit until the unit is certified by GridFlorida as capable of providing System Restoration Service.

ATTACHMENT A

Form Of Service Agreement For
Firm Point-To-Point Transmission Service

1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ ("Transmission Customer").

2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.

3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.

4.0 Service under this agreement shall commence on the later of (l) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.

5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.

6.0 The Transmission Customer hereby designates that its Scheduling Coordinator for purposes of scheduling services under this Agreement shall be:

_____

7.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

_____

_____

_____

Transmission Customer:

_____

_____

_____

8.0 The Tariff is incorporated herein and made a part hereof.

9.0 Other terms and conditions applicable to service under this Agreement are as follows: [add any terms and conditions specific to the transaction]

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: _____ _____ _____
Name Title Date

Transmission Customer:

By: _____ _____ _____
Name Title Date

Specifications For Long-Term Firm Point-To-Point Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

_____

3.0 Point(s) of Receipt:_____

Delivering Party:_____

4.0 Point(s) of Delivery:_____

Receiving Party:_____

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity):_____

6.0 Designation of party(ies) subject to reciprocal service obligation:_____ _____
_____ _____
_____
_____

7.0 Name(s) of any Intervening Systems providing transmission service:_____
_____

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge:_____

_____

8.2 System Impact and/or Facilities Study Charge(s):

_____

_____

8.3 Direct Assignment Facilities Charge:_____

_____

8.4 Ancillary Services Charges: _____

_____

_____

_____

_____

_____

_____

8.5 Grid Management Charge and FERC Assessment: _____

ATTACHMENT B

Form Of Service Agreement For Non-Firm Point-To-Point Transmission Service

1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ (Transmission Customer).

2.0 The Transmission Customer has been determined by the Transmission Provider to be a Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff.

3.0 Service under this Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer.

4.0 The Transmission Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.

6.0 The Transmission Customer hereby designates that its Scheduling Coordinator for purposes of scheduling services under this Agreement shall be:

_____

7.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

_____

_____

_____

Transmission Customer:

_____

_____

_____

8.0 The Tariff is incorporated herein and made a part hereof.

9.0 Other terms and conditions applicable to service under this Agreement are as follows: [add any terms and conditions specific to the transaction]

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By:_____ _____ _____
Name Title Date

Transmission Customer:

By:_____ _____ _____
Name Title Date

ATTACHMENT C

Methodology To Assess Available Transmission Capability

To be filed by the Transmission Provider

ATTACHMENT D

Methodology for Completing a System Impact Study

To be filed by the Transmission Provider

ATTACHMENT E

Index Of Point-To-Point Transmission Service Customers

Customer	Date of Service Agreement

ATTACHMENT F

Service Agreement For
Network Integration Transmission Service

To be filed by the Transmission Provider

ATTACHMENT G

Network Operating Agreement

To be filed by the Transmission Provider

ATTACHMENT H

Annual Zonal Transmission Costs

A. Description of Calculation of Annual Zonal Transmission Costs

1. The revenue requirement to be recovered in Annual Zonal Transmission Costs shall include (i) the approved, accepted, or otherwise effective revenue requirements of the Existing Facilities of Non-Transmission-Dependent Utilities that form the Transmission Rate Zone and (ii) in accordance with Section A.2 of this Attachment H, the approved, accepted, or otherwise effective revenue requirements of the Existing Facilities of TDUs within that Transmission Rate Zone.

2. A TDU that sells its Existing Facilities to the RTO or signs the PO Management Agreement to transfer control of its Existing Facilities to the Transmission Provider, and that receives Network Integration Transmission Service under this Tariff for its entire load, may request compensation for its Existing Facilities under one of the two following options, provided that the TDU must make a one-time election of one of these two options for all its Existing Facilities at the time it joins the RTO. A TDU that does not turn over ownership or operational control of its facilities to the Transmission Provider, or that continues to receive network transmission service or its functional equivalent under an Existing Transmission Agreement or its functional equivalent, shall not be eligible for credits.

a. Option 1

i. A TDU's Existing Facilities shall be included in Annual Zonal Transmission Costs if the TDU demonstrates that such facilities (i) are integrated with the Transmission System, (ii) provide additional benefits to the Transmission System in terms of capability and reliability, and (iii) can be relied upon for the coordinated operation of the Transmission System.

ii. A TDU electing this option must submit appropriate documentation to the Commission to show that its Existing Facilities satisfy these standards. At such time as the Commission issues a final order concluding that the standards are satisfied, the entire revenue requirement for such facilities shall be included in the Annual Zonal Transmission Costs. Any facilities that the Commission does not find satisfy the standards of this paragraph shall not be included in Annual Zonal Transmission Costs.

b. Option 2: Commencing in the first Tariff Year of the Transmission Provider's operations, and continuing each Tariff Year during a five-year phase-in plan, an additional 20 percent of the revenue requirement of the TDU's Existing Facilities shall be included in the applicable Annual Zonal Transmission Costs.

3. A phase-out of zonal rates for Existing Facilities shall begin in Tariff Year six of Transmission Provider operations. This phase-out will be accomplished by moving an additional 20 percent of the Annual Zonal Transmission Costs for each Transmission Rate Zone (including any revenue requirements of TDUs included in the Annual Zonal Transmission Costs) to the Annual System Transmission Costs each Tariff Year during the 6-10 year transition period. Accordingly, beginning in Tariff Year 10 of Transmission Provider operations, the Annual Zonal Transmission Costs for each Transmission Rate Zone shall be 0.

B. Revenue Requirements

The approved, accepted, or otherwise effective revenue requirement to be recovered in Annual Zonal Transmission Costs for each Transmission Rate Zone are included in Attachments H-1 to H-[__] hereto. Each such Attachment includes the revenue requirement of the Existing Facilities that form the Transmission Rate Zone. Revenue credits included in the Annual Zonal Transmission Costs also are included in Attachments H-1 to H-[__] hereto. The Transmission Provider shall post on its OASIS the Annual Zonal Transmission Costs calculated under Section C below for each Transmission Rate Zone, including each input in the formula under Section C.

C. Formula For Calculating Annual Zonal Transmission Costs

AZTC = (RR*(1-AF2)) + (TDURR*(AF1 - AF2)) + (ZRC*(1-AF2)) + EF,

where

AZTC = The Annual Zonal Transmission Cost for the applicable Transmission Rate Zone.

RR = The approved, accepted, or otherwise effective revenue requirements for the Existing Facilities that form the Transmission Rate Zone included in this Attachment H, to the extent such costs are not directly assigned to a Transmission Customer, of (i) the Transmission Provider, (ii) the Participating Owners and Divesting Owners that are not TDUs, and (iii) TDUs that are Participating Owners or Divesting Owners and that have satisfied Section A.2.a.ii of this Attachment H.

TDURR = The approved, accepted, or otherwise effective revenue requirements for the Existing Facilities of all TDUs that form the Transmission Rate Zone included in this Attachment H, to the extent such costs are not directly assigned to a Transmission Customer or included in RR, provided that the revenue requirements of a TDU that does not turn over ownership or operational control of its facilities to the Transmission Provider, or that continues to receive network transmission service or its functional equivalent under an Existing Transmission Agreement, shall not be included in TDURR.

AF1 = 20 percent in Tariff Year 1 of Transmission Provider operations, 40 percent in Tariff Year 2 of Transmission Provider operations, 60 percent in Tariff Year 3 of Transmission Provider operations, 80 percent in Tariff Year 4 of Transmission Provider operations, and 100 percent in each Tariff Year of Transmission Provider operations thereafter.

AF2 = 0 percent in Tariff Years 1-5, 20 percent in Tariff Year 6 of Transmission Provider operations, 40 percent in Tariff Year 7 of Transmission Provider operations, 60 percent in Tariff Year 8 of Transmission Provider operations, 80 percent in Tariff Year 9 of Transmission Provider and 100 percent in each Tariff Year of Transmission Provider operations thereafter.

ZRC = Transmission revenues from Long-Term Firm Point-to-Point Transmission Service, Short-Term Firm Point-to-Point Transmission Service, and Non-Firm Point-to-Point Transmission Service under this Tariff that terminate within the Transmission Rate Zone, calculated based on the prior year's transactions, reported as a credit.

EF = Revenues received by the applicable Divesting Owner or Participating Owner pursuant to agreements that provide long-term Inter-Zonal Service as defined under Attachment T, under which multiple transmission charges are phased-out pursuant to Attachment T, reported as a credit.

ATTACHMENT I

Annual System Transmission Costs

A. Description of Annual System Transmission Costs

Beginning Tariff Year 1 of Transmission Provider operations, there will be Annual System Transmission Costs (i) to recover any New Transmission Investment that is not directly assigned to a Transmission Customer and (ii) that will include the costs that are moved from Annual Zonal Transmission Costs as a result of the phase-out of zonal rates for Existing Facilities. The cost of the Existing Facilities owned by a TDU or sold by the TDU to the Transmission Provider shall be included in Annual System Transmission Costs in accordance with Section C of this Attachment I.

B. Revenue Requirements

The approved, accepted, or otherwise effective revenue requirement to be recovered in the Annual System Transmission Costs for each Participating Owner and Divesting Owner are included in Attachments I-1 to I-[__] hereto. Each such Attachment includes the New Transmission Investment that is included under this Tariff. Revenue credits included in the Annual System Transmission Costs also are included in Attachments I-1 to I-[__] hereto. The Transmission Provider shall post on its OASIS the Annual System Transmission Costs calculated under Section C below, including each input in the formula under Section C.

C. Formula For Calculating Annual System Transmission Costs

ASTC = NTIRR + (EFRR*(AF2)) + TCS + (SZRC * (AF2)) + PC, where

ASTC = Annual System Transmission Costs.

NTIRR = New Transmission Investment that is not directly assigned to a Transmission Customer.

EFRR = The total approved, accepted, or otherwise effective revenue requirements for Existing Facilities under this Tariff that are not directly assigned to a Transmission Customer, provided that the revenue requirements of a TDU that does not turn over ownership or operational control of its facilities to the Transmission Provider, or that continues to receive network transmission service or its functional equivalent under an Existing Transmission Agreement, shall not be included in EFRR.

AF2 = 0 percent in Tariff Year 1-5, 20 percent in Tariff Year 6 of Transmission Provider operations, 40 percent in Tariff Year 7 of Transmission Provider operations,60 percent in Tariff Year 8 of Transmission Provider operations,80 percent in Tariff Year 9 of Transmission Provider and 100 percent thereafter.

TCS = (a) 100 percent of the long-term firm revenues, short-term firm revenues, and non-firm revenues received by the Transmission Provider for service to Network Customers

for Network Load not physically interconnected with the Transmission Provider under Section 31.3 and for through and out service under Section 2 of Schedule 7 or under Schedule 8, calculated based on the prior year's transactions, plus (b) revenues received for services over transmission facilities that are not from transmission service and that are not credited in revenue requirements for Existing Facilities, minus (c) any such amounts paid to a Divesting Owner or Participating Owner pursuant to Attachment T to reduce cost shifts resulting from elimination of multiple transmission charges under agreement that provide long-term Inter-Zonal Service, as defined in Attachment T, with the total reported as a credit.

SZRC = The sum of transmission revenues from Long-Term Firm Point-to-Point Transmission Service, Short-Term Firm Point-to-Point Transmission Service, and Non-Firm Point-to-Point Transmission Service under this Tariff that terminate within the Transmission System, summed across all Zones, calculated based on the prior year's transactions and reported as a credit.

PC = Additional revenues received by the Transmission Provider under Section 5 of Schedule 7 and Section 6 of Schedule 8.

D. Posting on OASIS

The Annual System Transmission Costs, and each component thereof listed in Section B above, will be posted on the Transmission Provider's OASIS.

ATTACHMENT I-1

New Transmission Investment Revenue Requirements (NTIRR) of the Transmission Provider

A. The Transmission Provider's NTIRR will be developed for each calendar year based on projected cost data. The Transmission Provider's NTIRR will be trued-up by June 1 of each year to reflect actual cost data for the prior calendar year.

B. New Transmission Investment Revenue Requirements of the Transmission Provider = (New Transmission Rate Base) * Return + O&M loading factor * New Transmission Plant + Taxes on New Transmission Plant + Depreciation on New Transmission Plant + Revenue Credits, where

1. New Transmission Rate Base = New Transmission Plant In Service - Accumulated Depreciation on New Transmission Plant In Service - Accumulated Deferred Income Taxes on New Transmission Plant in Service + Working Capital Associated with New Transmission Plant in Service + Plant Held For Future Use Associated with New Transmission Plant

   a. New Transmission Plant = Simple average of beginning-of-year and end-of-year amounts in Accounts 350-359 placed into service after January 1, 2001

   b. Accumulated Depreciation on New Transmission Plant In Service = Simple average of beginning-of-year and end-of-year amounts in FERC Accounts 108 and 111 associated with New Transmission Plant as defined above

c. Accumulated Deferred Income Taxes on New Transmission Plant in Service = Simple average of beginning-of-year and end-of-year amounts associated with New Transmission Plant as defined above in FERC Accounts 281-283, offset by Account 190

d. Working Capital Associated with New Transmission Plant = Working Capital Loading Factor * New Transmission Plant in Service

e. Working Capital Loading Factor = **[to be filed]**

f. Plant Held For Future Use Associated with New Transmission Plant= Simple average of beginning-of-year and end-of-year amounts in Account 105 associated with New Transmission Plant, as defined above, excluding any amounts divested by the Divesting Utilities and limited to land

2. Return = Per Book Capitalization Ratio for Long-term Debt * Cost of Long-term Debt + Per Book Capitalization Ratio for Preferred Stock Capital * Cost of Preferred Stock Capital + Per Book Capitalization Ratio for Common Equity * Cost of Common Equity3/

3. O&M loading factor = **[to be filed]**

4. Taxes on New Transmission Plant = Start-Up Rate Base * (Per Book Capitalization Ratio for Preferred Stock Capital * Cost of Preferred Stock Capital + Per Book Capitalization Ratio for Common Equity * Cost of

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3/ Cost of Common Equity to be filed.

Common Equity) * (Composite Federal and State Income Taxes Rate)/(1-Composite Federal and State Income Tax Rate)

a. Composite Federal and State Income Tax = Federal Income Taxes Rate + State Income Tax Rate – Federal Income Taxes Rate * State Income Tax Rate

5. Depreciation on New Transmission Plant = Amounts in Account 403-405, 407.3 and 407.4 associated New Transmission Plant as defined above

6. Revenue Credits = Revenues for conducting System Impact Studies and Facilities Studies, reported as a credit.

ATTACHMENT J

Index Of Network Integration Transmission Service Customers

Customer	Date of Service Agreement

ATTACHMENT K

Form System Impact Study Agreement

[To be filed by Transmission Provider]

ATTACHMENT L

Form Facilities Study Agreement

[To be filed by Transmission Provider]

ATTACHMENT M

Form GIS Study Agreement

[To be filed by Transmission Provider]

ATTACHMENT N

Planning Protocol

I. Transmission Planning by the Transmission Provider

A. The GridFlorida Planning Process:

1. The Transmission Provider is responsible for performing the planning function for the Transmission System. The GridFlorida Planning Process is an open and participatory planning process that effectuates the reliable and efficient planning of the Transmission System so as to meet the needs of all users of the Transmission System in a non-discriminatory manner. The Transmission Provider will adopt NERC and FRCC planning standards, and Nuclear Regulatory Commission ("NRC") requirements relating to nuclear plants, in performing its planning function. The Transmission Provider also will coordinate all planning with non-Participating Owners.

2. The GridFlorida Planning Process involves the planning necessary for the Transmission Provider to meet the needs of all users of the Transmission System (utility generation, network generation, merchant plants, IPPs, LSEs, etc.) seeking long-term Network Transmission Service, Point-to-Point Transmission Service or Generation Interconnection Service under the Tariff, including planning for new interties with non-Participating Owners and control areas located outside of the FRCC. Except as provided in Section

I.A.8, this includes the obligation to plan to meet all requested service involving Flowgates.

3. Pursuant to Sections I.A, I.B and II, the GridFlorida Planning Process shall also:

- Identify and facilitate, in a timely manner, the adoption and implementation of transmission projects and/or potential generation alternatives that can effectively relieve congestion;
- Identify and evaluate longer range needs and facilitate transmission projects to expand competitive markets, including increased intertie capacity at the interfaces;
- Maintain and enhance the efficiency and reliability of the Transmission System;
- Consider whether expansion plans required to provide requested transmission service can be combined into a more efficient expansion plan; and
- Assess whether expansion can efficiently reduce overall Transmission System losses.

This process shall encourage and provide opportunities for meaningful, in-depth participation by all users of the Transmission System, the FPSC and other interested parties. In order that proposed generation and transmission projects are effectively coordinated so as to ensure reliability and efficient congestion management, for each planning period, the GridFlorida Planning Process shall include, at a minimum, timely, regular and complete public

disclosure, consistent with confidentiality requirements and information disclosure policies, pursuant to Sections I.A.9-10 and I.B.h, of:

a. any transmission projects proposed or endorsed;

b. the underlying assumptions and data on which the proposal is based;

c. any analysis relied upon by the Transmission Provider concerning its proposed transmission plan or proposed generation alternatives offered by users of the Transmission System; and all documents supporting assumptions underlying the proposed transmission expansion plan that are challenged by users of the Transmission System in the GridFlorida Planning Process.

4. All requests for transmission service under the Tariff (i.e., requests involving Network Transmission Service, Point-to-Point Transmission Service, or Generation Interconnection Service) or requests for connection of new tie lines will be made to the Transmission Provider and posted on the OASIS in accordance with FERC policy regarding requests for transmission service.

5. The Transmission Provider shall have the ultimate responsibility for analyzing and responding to each transmission request. The Transmission Provider shall perform planning analysis for the specifics (e.g., type of long-term firm transmission service, term, reserved capacity, etc.) of the requested transaction using as input all

confirmed existing long-term firm transmission obligations, the Local Area Planning Process discussed in Section I.B, the Generation Interconnection Planning Process discussed in Section I.C and the data bases discussed in Section I.D to determine the impact of the requested services on the transmission system. The results shall be documented and presented by the Transmission Provider to the transmission service requestor(s).

6. The Transmission Provider shall also continually reassess, consistent with Section I.E.c. of the Operating Protocol, the ability of the transmission system to reliably serve on-going long-term firm transmission service obligations (e.g., integration of Network Resources with existing Network Loads and projected load growth of such Network Loads, etc.) using the data bases discussed in Section I.D.

7. The Transmission Provider will coordinate all transmission system planning with the planning of Non-Participating Owners.

8. The Transmission Provider is not obligated to plan the transmission system for non-firm or short-term firm transmission service(i.e. transmission service with a duration of less than one year). Nor is the Transmission Provider obligated to plan the transmission system for Long-Term Firm Point-to-Point and Network Service over Flowgates when the Transmission Customer declines to pursue a System Impact Study or a Facilities Study pursuant to the provisions of the Tariff.

The Transmission Provider will process requests for such service in accordance with the Tariff.

9. The analysis performed pursuant to the GridFlorida Planning process (including potential solutions) will be provided to the transmission service requestor. Once the study is completed, the availability of that study will be posted on the OASIS. Such studies will be available (except for data designated as confidential pursuant to Section I.D hereof) upon request, subject to the payment of a nominal processing fee.

10. The Transmission Provider, in coordination with the users of the Transmission System, has established procedural milestones associated with the transmission expansion plan. Such procedural milestones have been established to facilitate, in an orderly and efficient manner, an opportunity for the users of the Transmission System to participate and review the transmission expansion plan. Exhibit N.1 to this Planning Protocol sets out such procedural milestones so as to establish an "Annual Regional Transmission Planning Process".

11. As a transition mechanism, at the commencement of operation of the Transmission Provider, the Transmission Provider shall adopt and incorporate into its transmission expansion plan the most recent ten (10) year plan of all POs and Divesting Owners associated with facilities that are considered part of the Transmission System,

including facilities that are planned to serve Network Customers or to satisfy outstanding Long-Term Firm Point-to-Point transmission service requests of the POs and Divesting Owners.

(a) Such ten (10) year plan shall include:

(i) Any new generation that is identified within the planning horizon in the most recent Ten Year Site Plans of the POs and Divesting Owners as filed with the FPSC prior to the commencement of the first GridFlorida Annual Regional Planning Process;

(ii) Any new or modified facility that is within the planning horizon, that is considered part of the Transmission System and / or related to a Point of Delivery associated with Network Load, and that is identified in the most recent FERC Forms No. 715 of the POs and Divesting Owners as filed with the FERC prior to the commencement of the first GridFlorida Annual Regional Planning Process; and

(iii) any facility improvement necessary to meet the reliability targets established pursuant to Section I.F.3 of the Transmission Provider Operating Protocol planned by a PO or a Divesting Owner prior to the commencement of the Transmission Provider's operations.

(b) The ten year plans adopted by the Transmission Provider shall be included in the Transmission Provider's initial expansion plan. To the extent that the Transmission Provider subsequently determines an alternative plan exists that requires the cancellation of or delay to a transmission project included in the ten year plan of a divesting owner or PO and which is superior to that ten year plan, the Transmission Provider shall consult with the divesting owner or PO to attempt to reach agreement on the cancellation or delay. If the Transmission Provider cannot reach agreement with the divesting owner or PO, the divesting owner or PO may request dispute resolution.

(c) A PO shall be entitled to recover in its revenue requirement the costs incurred with respect to any project that is cancelled pursuant to paragraph (b) above.

B. Local Area Planning Process Associated With Network Load and Existing and Confirmed Firm Point-to-Point Transmission Service:

1. The Local Area Planning Process involves an assessment and subsequent development of expansion plans associated with the Transmission System where Network Load is served and existing and confirmed Firm Point-to-Point transmission service is provided. The Local Area Planning Process shall be conducted in accordance with NERC and FRCC planning criteria, and NRC requirements relating to nuclear plants.

2. The Local Area Planning Process is performed by the Transmission Provider with participation and coordination from each LSE receiving Network Transmission Service, and confirmed and existing Point-to-Point Transmission Service reservations served by the Transmission Provider and any PO whose facilities serve the LSE in order to handle requests for new Point(s) of Delivery and to determine potential reliability problems with local area transmission systems. The Local Area Planning Process will determine alternative solutions to serve new Point(s) of Delivery and to address reliability problems found, and document results in a study report which will be presented by the Transmission Provider to the LSE(s) and to the PO(s) whose facilities serve the LSE(s). In conducting the Local Area Planning Process, the Transmission Provider, with input from the LSE and the PO, must consider the following:

   a. The need for expansion of existing facilities shall be determined by testing the ability of the existing and planned system to meet FRCC, FPSC, NERC, and NRC criteria, as applicable, as well as the GridFlorida Planning Standards then in effect.

   b. Alternative solutions to the criteria violations associated with local area reliability problems shall be developed and evaluated considering economics, lifetime, feasibility, and other specifics associated with the request. As part of a request for a new

Point of Delivery by an LSE, such request shall include a justification for the proposed new Point of Delivery, including an analysis of viable distribution alternatives. The Transmission Provider shall incorporate the LSE's justification into an overall evaluation of alternatives to the proposed new Point of Delivery.

c. Requests for new Points of Delivery shall be evaluated taking into consideration distribution alternatives as applicable, location of existing delivery points, transmission feasibility, economics, and other specifics associated with the request, on a comparable basis for all LSEs' existing Points of Delivery, taking into account any specific reliability needs of the LSE customer(s) served from such Point of Delivery. The Transmission Provider will make a reasonable effort to accommodate the LSE's requested alternative, based on the above criteria. Except as otherwise provided for in Section I.E below and notwithstanding any other provision of this Tariff to the contrary, upon the request of any Transmission Customer, the Transmission Provider or, where applicable a PO, shall be obligated to permit the construction of any facilities required to establish a new Point of Delivery regardless of any distribution alternative(s) to such construction that may exist, provided that the new Point of Delivery does not adversely affect system

reliability; and provided further that the requesting Transmission Customer agrees to pay Transmission Provider or the PO for the difference in costs incurred by the Transmission Provider or the PO in constructing the requested Point of Delivery and the alternative the Transmission Provider otherwise would have selected.

d. Subject to Section I.E of this document, the Transmission Provider or the PO, as applicable, consistent with the PO Agreement, shall, consistent with the GridFlorida Planning Standards, be responsible for the design, construction and operation of all facilities considered part of the Transmission System. The LSE shall be responsible for the design, construction and operation of all facilities that are part of the LSE's system. With respect to circumstances where a new Point of Delivery involves the establishment of a transmission to distribution substation or a metering point, the Transmission Provider, or the PO, as applicable, shall be responsible for the design, construction and operation of all transmission voltage level equipment in accordance with the guidelines contained in Attachment Q – Section 1 of the Tariff. The LSE(s) shall be responsible for the design, construction and operation, in accordance with the guidelines contained in Attachment Q – Section 1 of the Tariff, and in accordance with Attachment 1 to

the transmission service Operating Agreement (i.e., Terms and Conditions of Service Applicable to Points of Delivery) of all of the facilities on the LSE's side of the Point of Delivery. Space shall be provided at the control house and the common ground location associated with the Point(s) of Delivery for the installation of equipment owned by either the Transmission Provider, LSE or PO whose facilities serve such LSE.

e. The Transmission Provider, the LSE(s) and the PO whose facilities serve such LSE(s) shall collaborate on the design and construction of the Point(s) of Delivery facilities to seek an efficient construction means, including selecting a single contractor if feasible.

f. The Transmission Provider shall, if applicable, develop procedures for the design and operation of a Point of Delivery that serves as a Point of Delivery for two or more LSEs.

g. New Point(s) of Delivery shall be designed on a basis that provides for comparable reliability to the existing Point(s) of Delivery, taking into consideration distribution alternatives as applicable, location of existing delivery points, transmission feasibility, and economics, on a comparable basis for all LSEs' existing Points of Delivery, taking into account any specific reliability needs of the LSE customer(s) (e.g. airports, hospitals, etc.) served from such Point of Delivery.

h. Specifics regarding the construction and other Point of Delivery matters relating to such new Point of Delivery facilities shall be addressed on a case-by-case basis pursuant to the contractual arrangements among the respective LSE and the Transmission Provider (and the PO if the transmission facilities that must be expanded are owned by a PO), and Attachment 1 to the Operating Agreement, which contains the Terms and Conditions of Service Applicable to Points of Delivery.

3. The analysis performed pursuant to the Local Area Planning Process (including potential solutions) will be provided to the LSE. Once the study is completed, the availability of that study will be posted on the OASIS. Such studies will be available (except for data designated as confidential pursuant to Section I.D hereof) upon request, subject to the payment of a nominal processing fee.

4. The Transmission Provider, with the mutual agreement of a PO and/or a Divesting Owner, shall have the option of assigning the performance of the Local Area Planning function discussed in this Section I.B for the LSE(s) served by a respective PO's or Divesting Owner's transmission facilities to such PO or Divesting Owner for up to three years following the commencement of the Transmission Provider operations (the "transition period"). The results and recommendations of such Local Area Planning performed by the PO(s) or Divesting

Owner(s) during the transition period will be subject to review and approval, or modification, by the Transmission Provider. The Transmission Provider shall assume the Local Area Planning Function for itself as soon as it is capable of performing the function.

C. Generation Interconnection Planning:

1. All requests for Generation Interconnection Service ("GIS") shall be submitted to the Transmission Provider for processing pursuant to Part IV of the Tariff.

2. The analysis performed pursuant to the GIS planning process (including potential solutions) will be provided to the requestor. Once the study is completed, the availability of that study will be posted on the OASIS. Such studies will be available (except for data designated as confidential pursuant to Section I.D hereof) upon request, subject to the payment of a nominal processing fee.

3. The Transmission Provider shall be authorized to act as the agent for all POs to negotiate and execute Generation Interconnection Agreements in coordination with and on behalf of the POs whose facilities are subject to a GIS request. Such POs shall have the opportunity to also execute on their own behalf such Interconnection Agreements negotiated and executed by the Transmission Provider; provided that, once the PO is provided with the opportunity to execute the agreement, failure of the PO to execute the agreement shall not impede or delay the implementation of the interconnection.

D. Creation and Maintenance of Data Bases:

1. The Transmission Provider shall develop databases (e.g. load flow, dynamic and short circuit) using information from Parts I.A, B and C as well as information from Non-Participating Owners.

2. Databases for use in the planning process delineated in this document will be developed by the Transmission Provider with data input (e.g., 10- year load growth and firm planning obligations) and coordination from the affected LSEs, POs and Non-Participating Owners. Databases are approved by the Transmission Provider, affected LSEs, POs, and Non-Participating Owners and provided to LSEs, POs and Non-Participating Owners for their participation in the planning process.

3. The Transmission Provider shall file at the FERC and make available to each PO, non-Participating Owner, LSE and transmission service requestor(s) databases as are required by FERC (e.g. Form 715).

4. Entities providing information to the Transmission Provider as part of the planning process may designate such data as being confidential commercial information, consistent with FERC policy regarding the confidentiality of commercial information. The Transmission Provider shall not make such data available to third parties without the agreement of the providing entity unless required to do so by a court or regulatory agency with jurisdiction over the Transmission Provider.

5. LSE(s), transmission service requestor(s), generation interconnection requesters and POs have an obligation to provide the requisite information to the Transmission Provider to ensure reliability and coordinated expansion plans.

E. Enhanced or Special Facilities Alternative

1. A Transmission Customer may request and the Transmission Provider shall be obligated to provide and, where applicable, to interconnect enhanced or special facilities, regardless of whether such facilities have been identified as necessary by the Transmission Provider as part of the planning process. Enhanced or special facilities ("Enhanced Facilities") shall include, but not be limited to (1) facilities requested for meeting retail customer needs; (2) facilities, including substations, switching stations, line segments, towers, poles and other facilities which the Transmission Customer determines are necessary or appropriate to support its provision of distribution services; (3) facilities to be constructed pursuant to governmental orders, (4) facilities which, although identified as necessary by Transmission Provider, are not scheduled to be in-service at the time requested by the Transmission Customer, and (5) an alternative Point of Delivery on the Transmission System. A request for Enhanced Facilities may be made at any time and for any reason, including but not limited to, enhanced reliability, environmental, aesthetic and other land-use planning reasons.

2. The Transmission Provider will grant the request for Enhanced Facilities, provided that each of the following conditions is met:

a. The requested Enhanced Facilities do not adversely affect system reliability; and

b. The requesting party agrees to reimburse the Transmission Provider or the applicable PO for any costs incurred by Transmission Provider and/or the PO in connection with the Enhanced Facilities, including any costs associated with placing facilities in-service prior to the time scheduled by the Transmission Provider, provided that such costs would not otherwise have been incurred by Transmission Provider and/or the PO but for the request to construct the Enhanced Facilities or to place them in service earlier than planned.

F. Expedited Construction by Transmission Customer

1. A Transmission Customer may construct a Delivery Point or Enhanced Facilities ("Expedited Facilities") itself, provided that the conditions of Section I.E.2 are satisfied, and provided that, in addition, the following conditions are met:

a. As soon as reasonably practicable after the Transmission Customer determines that it will construct Expedited Facilities itself pursuant to this Section I.F, the Transmission Customer will so inform the Transmission Provider and will provide it with conceptual plans of the facilities to be constructed.

b. At least 90 days prior to commencing construction of any Expedited Facility, the Transmission Customer shall submit its request in writing to the Transmission Provider specifying the Enhanced Facilities, along with detailed plans for such facilities consistent with Transmission Provider Design Standards;

c. The Transmission Provider will review the detailed plans for the limited purpose of determining whether the Expedited Facilities will adversely affect system reliability. This review is not a substitute for the planning process associated with a request for service or a request to amend existing service in accordance with Parts II or III of the Tariff. The procedures applicable to requests for service under Parts II and III also must be followed to the extent placing the Expedited Facilities into service is associated with new or revised transmission service.

d. If the Transmission Provider does not conclude within thirty (30) days following the submission of the detailed plans that the Expedited Facilities will not adversely affect system reliability, the matter may be submitted to an Independent Engineer for determination. The Independent Engineer shall be an engineering firm experienced in transmission operations as mutually agreed by the Transmission Provider and the

Participant. The Independent Engineer shall make its determination within sixty (60) days following its receipt of the initial submission.

e. If the Independent Engineer determines that the proposed facilities will not adversely impact system reliability the Transmission Provider will, after the time that decision becomes effective, facilitate the construction and, where applicable, the interconnection of such facilities on an expedited basis consistent with Good Utility Practice. In addition, the Transmission Provider will make any necessary filings with the Commission within 30 days of the date the Independent Engineer's determination becomes effective pursuant to Section I.F.1.g

f. If the Independent Engineer determines that the proposed facilities will adversely affect system reliability, the Transmission Provider will not allow the Transmission Customer facilities to be interconnected with the Transmission System until the Transmission Provider is able to complete a Facilities Study and has otherwise processed the request and has determined its own plan to serve the Transmission Customer's needs, and any necessary modifications have been made to the facilities constructed by the Transmission Provider.

g. Determinations by the Independent Engineer shall become effective twenty days after issuance, unless FERC is requested to review the determination within such period. Determinations by the Independent Engineer for which FERC review has been requested shall become effective 30 days following the initial request for review unless the Commission determines that a determination should not become effective.

h. Prior to interconnecting any Expedited Facilities constructed by a Transmission Customer to the Transmission System, the Transmission Provider shall have the right to inspect such facilities to ensure that, as constructed, they will not adversely affect the reliability of the Transmission System, and the Transmission Provider may refuse to permit the interconnection until the Transmission Provider is satisfied that there will be no adverse impacts on the reliability of the Transmission System.

2. If any portion of the Expedited Facilities constructed by the Transmission Customer are of a type that would be considered part of the Transmission System based on the Line of Demarcation established in Attachment Q of the Tariff, the Transmission Customer shall enter into the Participating Owners Management Agreement with respect to such facilities, unless Grid Florida and the Transmission

Customer otherwise agree upon the terms and conditions for the transfer of title to such facilities to the Transmission Provider.

3. The Transmission Provider shall determine whether all or a portion of any Expedited Facilities that are included in the Transmission System should be treated as New Transmission Investment or whether all or a portion should be treated as Enhanced Facilities, the cost of which must be borne by the Transmission Customer pursuant to Section I.E.2.b.

4. All Expedited Facilities constructed by the Transmission Customer that are not made part of the Transmission System shall be operated by the Transmission Customer at its sole expense.

G. Planning, Design, and Construction Standards

1. The Transmission Provider shall develop standards for the planning ("the GridFlorida Planning Standards"), design ("the GridFlorida Design Standards") and construction ("the GridFlorida Construction Standards") of transmission facilities planned, designed and constructed by the Transmission Provider and, where applicable, the POs. These standards shall apply on a comparable basis to all the facilities included in the Transmission System.

2. The Transmission Provider shall phase in the GridFlorida Planning Standards, the GridFlorida Design Standards and the GridFlorida Construction Standards over a period of time not to exceed five years from the commencement of the Transmission Provider operations.

3. A Transmission Customer may request application of design and construction standards higher than those established by the Transmission Provider. Such a request may be made for any reason, including but not limited to, enhanced reliability, environmental, aesthetic and other land-use planning reasons. Such request shall be granted, provided that each of the following conditions is met.

a. The Transmission Customer must submit a detailed written request to the Transmission Provider detailing the proposed enhanced design and construction standards.

b. The design and construction standards must not impair the reliability of the Transmission System when compared to the GridFlorida design and construction standards.

c. The Transmission Customer must agree to reimburse the Transmission Provider for all costs incurred by the Transmission Provider as a result of applying the higher design and construction standards to the subject transmission facilities.

II. Transmission Expansion

A. If, as a result of the GridFlorida Planning Process performed pursuant to Section I, it is determined that transmission facilities must be constructed, the Transmission Provider shall, with participation from and coordination with any affected PO or Non-Participating Owner, make a final determination as to the best available alternative, consistent with the then applicable the GridFlorida Planning Standards and the GridFlorida Design Standards, determined in accordance with the following factors:

1. The Transmission Provider shall take into account the estimated costs of proposed alternatives, as well as impacts on reliability, impacts on existing firm service, and consistency with the long-term planning for the region. In order to continually provide better cost estimates, the Transmission Provider shall take into consideration the accuracy of previous cost estimates versus the actual cost of such installed transmission facilities in developing future cost estimates. Additionally, the Transmission Provider shall avoid, whenever possible, the imposition of unreasonable costs

2. The Transmission Provider shall provide oversight of the on-going costs during the engineering and planning stages as well as during the construction of facilities deemed part of the Transmission System. If as part of such oversight responsibility the Transmission Provider determines that the possibility exists that the cost of facilities planned

to be constructed may exceed the estimated cost of such facilities by greater than twenty (20) percent, the Transmission Provider shall reevaluate available alternatives and advise the Transmission Planning Committee regarding any recommended variance from the initial plan.

3. If the best available alternative requires the construction of facilities by a Non-Participating Owner, the Transmission Provider shall enter into good faith negotiations to reach agreement with the Non-Participating Owner to construct the required transmission facilities or to allow the Transmission Provider to construct such facilities. If the Non-Participating Owner does not agree to such construction, the Transmission Provider shall select the next best available alternative, determined in accordance with Section II.A.

4. It must be feasible for the entity constructing the facilities to obtain all necessary permits for such construction. The cost of obtaining and complying with such permits shall be included in the cost of the facilities in determining the best available alternative. If it is not feasible to obtain the necessary permits for the best available alternative, the next best available alternative shall be selected.

5. In considering whether an alternative is the best available alternative, the Transmission Provider shall consider whether the alternative

addresses congestion and whether the alternative would decrease or increase congestion.

6. The entity (i.e., the Transmission Provider or the PO) constructing the facilities must be able to have the opportunity to fully recover the reasonable cost of the facilities in rates or through other charges approved by the appropriate regulatory authority. This condition may be waived by the entity constructing the facilities.

7. The costs to be incurred by the prospective owner of the incremental facilities, the identity of which shall be determined pursuant to Section II.B., shall be taken into consideration in determining the best available alternative.

8. The Transmission Provider also shall consider market solutions, including solutions that do not require the construction of new facilities. The Transmission Provider shall take into account such market solutions in determining the best available alternative.

9. The Transmission Provider shall accommodate a Transmission Customer request to implement higher design and construction standards than those set by the Transmission Provider so long as the Transmission Customer has complied with the requirements in Section I relating to higher design and construction standards requests.

B. The entity that constructs and owns new transmission facilities, pursuant to the discussion in Section II.A above, shall be determined as follows.

1. If the facilities are to be added to the existing facilities of a PO, then that PO shall have the option of constructing and owning that portion of the new facilities that is to be located in its service area. If the facilities are to be added to the existing facilities of more than one PO, then each PO shall have the option of constructing and owning the facilities to be added to its existing facilities that are to be located in its service area.

2. If facilities are to be added to both the existing facilities of a PO and the Transmission Provider, the PO shall have the option of constructing and owning the facilities to be added to its existing facilities that are to be located in its service area, and the Transmission Provider shall construct and own the remaining facilities.

3. If the facilities are to be added to the existing facilities of the Transmission Provider, but do not require facilities to be added by a PO, or if an PO declines the option of constructing and owning new facilities, then the facilities will be constructed and owned by the Transmission Provider.

4. If a PO is selected to construct and own transmission facilities and that PO fails to obtain necessary permits or financing or fails to commence

construction within a reasonable period of time, then the Transmission Provider shall construct and own the facilities itself.

5. Regardless of the entity selected, the new facilities shall be designed in accordance with the then applicable GridFlorida Design Standards and constructed in accordance with the then applicable GridFlorida Construction Standards, unless higher design and construction standards have been proposed and agreed to by the Transmission Provider in accordance with the higher design and construction standards request requirements in Section I, in which case the higher standards would apply. If a PO fails to comply with the then applicable Design or Construction Standards, then the Transmission Provider shall make any necessary changes, and the costs of such changes shall be recovered from the PO (which may not be collected in that PO's revenue requirement).

C. The FPSC has the right to review the studies (and supporting data) and to provide input to the Transmission Provider during the decision making process as to the need for new transmission facilities. To the extent that proposed incremental facilities selected by the Transmission Provider include facilities that are subject to the FPSC's siting jurisdiction, the proposed expansion shall be submitted to the FPSC for its review and approval in accordance with the relevant statutory standards.

D. To the extent the FPSC (or any regulatory body) lawfully orders an LSE or PO under its jurisdiction to construct facilities that are considered part of the Transmission System, then the Transmission Provider accepts the responsibility to build such facilities if the LSE or the PO cannot, or does not desire to, do so.

E. The recovery of costs of transmission facilities constructed by the Transmission Provider or PO(s) will be in accordance with the Tariff and FERC policies. The Transmission Provider shall have the right to review all aspects of a construction project undertaken by a PO pursuant to this Planning Protocol, including design standards, costs, and construction schedules.

F. The Transmission Provider may require a PO or Divesting Owner, to the extent necessary, to apply for all necessary certificates of public convenience and necessity and permits for the construction of transmission facilities that will become part of the Transmission System, and to use their power of eminent domain to assist the Transmission Provider in the acquisition of any necessary property rights, including rights of way, for the construction of such transmission facilities.

III. Transmission Planning Committee

1. No later than the date this Tariff becomes effective, The Advisory Committee shall create a Transmission Planning Committee as a subcommittee of the Advisory Committee. The Transmission

Planning Committee shall be composed of one member from each stakeholder group represented on the Advisory Committee.

2. The Transmission Planning Committee shall provide advice and input regarding the planning process to the Transmission Provider. Further, to the extent requested by the parties involved, the Transmission Planning Committee shall provide advice and possible alternatives as to unresolved planning and expansion matters. In the event that such matters referred to the Transmission Planning Committee cannot be resolved, the matters will be resolved in accordance with the Dispute Resolution Procedures set forth in the Tariff.

IV. FRCC's and FPSC's Role In Reliability and Planning Process

A. The FRCC's role in the reliability and planning process shall be as follows:

1. The FRCC shall review and assess the plans and reliability assessment of the Transmission Provider (including POs as necessary).

2. The FRCC, in coordination with NERC, shall develop reliability standards, and monitor and ensure compliance with such standards.

B. The FPSC's role in the planning process shall be as follows:

1. The FPSC shall have the same right to participate in the planning process described in Sections I and II as any other entity, to the extent that it so chooses.

2. The creation and operation of the Transmission Provider will not affect the FPSC's ability to participate in the FRCC's review of the plans and reliability assessment of the Transmission Provider provided for in Section IV.A.1 above.

3. All proposed construction of transmission facilities subject to the FPSC's siting jurisdiction shall be submitted to the FPSC for its review and approval.

V. Coordination of the Transmission Provider with other RTOs

1. The Transmission Provider will coordinate all inter-regional planning (e.g., with a SERC RTO).

2. The Transmission Provider will develop practices to ensure the coordination of reliability and market interface practices among regions. The Transmission Provider will either develop these practices itself or in coordination with an independent entity that covers several regions or an entire interconnection. The Transmission Provider will submit a report to FERC on its progress in the development of coordination standards within one year of its commencement of operations.

Exhibit N.1

To The

Planning Protocol

Annual Regional Transmission Planning Process

In order to implement the transmission expansion plan, procedural milestones are established as set forth below in order to effectuate an "Annual Regional Transmission Planning Process":

1. In September of each year, the Transmission Provider will notify and post on the OASIS a request for data from Network Customers concerning expected usage of the Transmission System for the next 10 years (*e.g.*, demand/load forecasts incorporating in such forecast the current year's winter and summer peak data, supply forecasts for the 10 year period (i.e., Network Resource(s)); proposals for new interconnections, Points of Delivery, proposals for transmission system upgrades, etc.). The Transmission Provider shall obtain similar information from Non-Participating Owners located in the FRCC in its capacity as security coordinator of the FRCC.

2. By November 1 of each year, Network Customers of the Transmission Provider shall submit the data requested in paragraph 1.

3. A transmission customer may make a request for long-term firm transmission service (i.e., Long-Term Firm Point-to-Point, Network Service) and/or Generation Interconnection Service and have such request processed in accordance with the provisions contained in the OATT, at any time during the year. Such request for service will be processed based on:

    (i) the existing Transmission System;

    (ii) the FTEP

(iii) all valid requests for long-term firm transmission service and GIS that are submitted prior to such request and which impact the processing of such request.

In addition, for each annual regional plan subsequent to the initial planning cycle, a confirmed request for long-term firm transmission service or GIS submitted prior to November 1 will be included in the base assumptions for that year's Annual Regional Transmission Planning Process.

4. The Transmission Provider shall conduct studies regarding the need for incremental transmission facilities (including potential alternatives - e.g., generation additions) taking into consideration all existing and reserved long-term firm transmission service, and post the availability of such studies on the OASIS.

5. By June 1 of each year, the Transmission Provider shall post on its OASIS an Initial Transmission Expansion Plan ("ITEP") that provides for the transmission needs of the users. The posting shall invite comments on the ITEP by interested parties, including Non Participating Owners. Such comments shall be submitted to the Transmission Provider by July 1.

6. By July 15 of each year, the Transmission Provider shall conduct a Regional Planning Conference at which all users of the Transmission System, FPSC and interested parties may participate in a detailed review and present their comments regarding the ITEP. In developing the Final Transmission Expansion Plan ("FTEP"), the Transmission Provider shall take into consideration such comments relating to the ITEP.

7. By October 1 of each year, the Transmission Provider shall finalize the FTEP and post it on the OASIS.

To the extent that a user of the Transmission System or the FPSC does not agree with the FTEP, such user or the FPSC shall first raise this matter with the Transmission Planning Committee. Subsequently, in the event that such matter cannot be resolved by the

Transmission Planning Committee, the matter will be resolved in accordance with the

Dispute Resolution Procedures set fourth in the OATT.

ATTACHMENT O

Operating Protocol

The Transmission Provider will direct the operations of, and will be responsible for the short term reliability of, the Transmission System. The Transmission Provider shall exercise its responsibilities in accordance with Good Utility Practice and shall conform to applicable reliability guidelines, policies, standards, rules, regulations, orders, license requirements and all other requirements of the NERC, FRCC and NRC or their successors and all applicable requirements of federal or state laws or regulatory authorities. The Transmission Provider also will be the Security Coordinator for all transmission facilities located in the FRCC, including transmission facilities of Non-Participating Owners.

I. Types of Authority

The Transmission Provider will have three types of authority over transmission facilities in the FRCC: (1) direct control; (2) indirect control; and (3) Security Coordinator authority. The following table summarizes each of these types of authority, which are described in more detail below.

TYPES OF AUTHORITY EXERCISED BY THE TRANSMISSION PROVIDER			
Entity	OPERATIONAL AUTHORITY		Security Coordinator Authority
	Direct Control	Indirect Control	
The Transmission Provider	Yes (All facilities)		Yes
POs	As required by the Transmission Provider	As required by the Transmission Provider	Yes
Non-Participating Owners	No	No	Yes

A. Direct Control

1. The Transmission Provider will have direct control over the following Transmission System facilities:

   a) All Transmission System facilities owned or leased by The Transmission Provider

   b) All Transmission System facilities owned or leased by a PO that the Transmission Provider has determined are needed to be under its direct control in order to perform its functions and ensure the short-term reliability of the Transmission System.

2. The Transmission Provider shall have the ongoing authority to place any PO's Transmission System facility under or to remove any PO's Transmission System facility from its direct control.

3. "Direct control" over facilities means the Transmission Provider, and only the Transmission Provider, shall have the ability to take such facilities out of or put them into service. Direct control over facilities owned or leased by the Transmission Provider shall be achieved either directly from the Transmission Provider control center or by direct communications from the Transmission Provider control center to the Transmission Provider employees who will manually implement the Transmission Provider's instructions. Direct control over facilities owned or leased by POs shall be achieved by sending signals from the Transmission Provider control center to the control center owned and operated by the PO and having those signals relayed automatically to the facility in a fashion that prevents the PO from interfering with such signal.

4. Nothing in this Operating Protocol shall require a PO to turn over direct control of facilities in a manner that would reasonably be expected to jeopardize the (i) continued characterization of a safe harbor lease under former Section 168(f)(8) of the Internal Revenue Code of 1954, or tax exempt status of any local furnishing bonds used to finance such facilities. Upon request by the Transmission Provider, a PO relying on this provision must produce a qualified opinion to support withholding the assertion of direct control over its facilities.

B. Indirect Control

1. The Transmission Provider will have indirect control over all Transmission System facilities owned or leased by a PO and over which Operational Control has been ceded to the Transmission Provider in accordance with the PO Agreement; and (2) subject to Section 7.7.3 of the PO Agreement, all other Transmission System facilities owned or leased by a PO that the Transmission Provider has determined are not needed to be under its direct control in order to perform its functions and ensure the short-term reliability of the Transmission System.

2. "Indirect control" over facilities means that the Transmission Provider shall have the authority to order such facilities out of or into service by directly communicating with the PO that owns or leases the facilities. A PO may not take such facilities out of or into service without the Transmission Provider's approval, except in cases where public or employee safety is at imminent risk.

C. Contracting for Operations and Maintenance Services

The Transmission Provider may contract with a Divesting Owner to provide operations and maintenance services with respect to facilities transferred by the Divesting Owner to the Transmission Provider that will be subject to the Transmission Provider's direct control.

D. Security Coordinator Authority

The Transmission Provider shall be the Security Coordinator for all transmission facilities located within the FRCC, whether owned by the Transmission Provider, a PO or a Non-Participating Owner. The Transmission Provider shall be a member of the FRCC. The Transmission Provider's authority as Security Coordinator shall be limited to implementation of NERC and FRCC Security Coordinator standards, policies and procedures. The Transmission Provider will be compensated by the FRCC for the costs related to The Transmission Provider's Security Coordinator activities, which include such functions as:

1. performance of load-flow and stability studies to anticipate, identify and address security problems.
2. exchange of transmission system security information with local and regional entities, as necessary.
3. monitoring of real-time system operating characteristics such as the availability of reserves, actual power flows, interchange schedules, system frequency and generation adequacy.
4. performance of security analysis of the FRCC transmission system in accordance with Part III.
5. approval of maintenance schedules of transmission facilities within the FRCC.
6. coordination of transmission maintenance schedules with RTO's and/or transmission owners in other regions.

7. direction of actions to maintain reliability, including line loading relief in accordance with NERC and FRCC Transmission Loading Relief policy and firm load shedding.
8. Participation in daily security assessment reporting, monitoring and other details supporting the FRCC in implementation of the FPSC's Generating Capacity Shortage Plan.
9. Approval of generator maintenance schedule changes to address short-term reliability and security problems in accordance with Section III.

E. Service Level Agreements

1. A Service Level Agreement will be developed for each existing and new generation interconnection to the Transmission System. This Agreement will identify any specific information for the generation interconnection, including standard voltage schedules, reactive support requirements, communications protocols, and special operating procedures, as well as the generator's obligation to comply with redispatch instructions required for short-term reliability. For new generation interconnections, this information may be included in Interconnection Agreements associated with Generation Interconnection Service, which agreements shall then constitute the necessary Service Level Agreement.

F. Reliability Agreement

1. The Transmission Provider shall enter into Reliability Agreements with each LSE or other applicable Market Participant connected to Transmission System facilities. The Reliability Agreement will specify reliability obligations of the LSE (or other

applicable Market Participant) to the Transmission Provider and reliability obligations of the Transmission Provider to the LSE (or other applicable Market Participant).

2. The obligations of the LSE (or other applicable Market Participant) to the Transmission Provider will be primarily, but not limited to:

a) the provision of specified reserve obligations and the compliance with procedures to provide information sufficient to allow the Transmission Provider to continuously monitor the required level of, and verify performance against, reserve obligations administered by the Transmission Provider consistent with the then-existing FRCC procedures; and

b) the provision of, and procedures for monitoring compliance with, reactive support requirements at each Point of Delivery ("POD") (as specified in Attachment R for each POD).

3. The Transmission Provider shall provide LSEs with reliable service that is at least equivalent to the reliability of the transmission system for that LSE prior to the Transmission Provider assuming operational and planning authority. The reliability requirements shall include, but are not necessarily limited to, the following: a) the Transmission Provider shall provide reliable service such that each LSE's System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), and Customer Average Interruption Duration Index (CAIDI), attributable to the Transmission System shall be no more than the three-

year average transmission SAIDI, SAIFI and CAIDI for that LSE for the three calendar years immediately preceding the creation of the Transmission Provider. It will be the responsibility of the LSE to provide customer counts and verify the calculation of its SAIDI, SAIFI and CAIDI attributable to the transmission system, which shall be done in accordance with IEEE standards (IEEE P1366) as modified by the FPSC. Outages that are excluded in reporting requirements set forth by the FPSC *(i.e.*, those caused by named storms, tornadoes, generation shortfalls, etc.) shall also be excluded from the Transmission Provider reliability requirements. In order to calculate SAIDI and SAIFI for each LSE, the denominator shall be the total number of customers served by that LSE. Each LSE must furnish to the Transmission Provider during the last month of the 12 month reporting period, the number of customers served from each POD in accordance with IEEE standards.

Each LSE or other applicable Market Participant has the right to enter into Enhanced Reliability Agreements with the Transmission Provider, which would guarantee reliable service over and above that provided to the LSE or Market Participant (i) prior to the Transmission Provider assuming operational and planning authority and (ii) pursuant to any improvements to reliability required pursuant to Section I.F.4 below. The LSE or Market Participant that enters into an Enhanced Reliability Agreement with the Transmission Provider shall be solely responsible to the Transmission Provider for the difference between the cost of providing standard reliability service and Enhanced Reliability Service.

4. The Transmission Provider shall be obligated to specify and provide monitoring procedures for the level of service reliability for each POD. The Transmission Provider shall provide access to the reliability data for each POD via the internet or other means for the LSEs to review reliability performance. The reliability data will include as a minimum the number of sustained outages at each POD and the duration of each outage that was caused by the transmission system. For the purpose of calculating SAIDI and SAIFI at each POD, the denominator shall be the sum of all the customers served from all of the Transmission Provider's PODs (total number of customers served by the Transmission Provider). After the first full 12 month period of operation, and every subsequent complete 12 month period thereafter, The Transmission Provider will meet with the representatives from any LSE that had one or more POD(s) that ranked in the worst three percent in terms of SAIFI and/or the representatives from any LSE that had one or more POD(s) that ranked in the worst three percent in terms of CAIDI and present a plan to improve the reliability at each such POD.

5. In addition, the Transmission Provider will record momentary outage events *(i.e.*, outage events less than one minute in duration or as otherwise defined by the FPSC) at any POD, and will use such data, in coordination with the PO and the LSE, to: (a) evaluate the need for any mitigation measures, and (b) prioritize the use of maintenance resources for PODs.

6. In the event that the reliability requirements set forth above are not met, the

Transmission Provider shall prepare and present to the LSE a plan to correct the deficiencies and meet the reliability requirements. Should the reliability requirements not be met in any calendar year, the LSE may then refer the matter to the Transmission Planning Committee for discussion and resolution, and, if necessary, to dispute resolution procedures as specified in the Transmission Provider OATT for resolution of the matter.

G. Parallel Flows

The Transmission Provider shall take any necessary steps to enter into agreements with other RTOs or transmission owners to address parallel flows.

H. Report on FRCC or NERC Reliability Standards

The Transmission Provider shall report to the FERC if any FRCC or NERC or other regional reliability standards interfere with the Transmission Provider's ability to provide reliable, nondiscriminatory transmission service.

I. Municipal Police Powers

Except as expressly set forth in this Tariff, Municipalities that are Divesting Owners or POs do not waive their local governmental police powers (e.g. zoning powers and rules and regulations concerning use of rights of way).

II. DETERMINATION OF TTC AND ATC

1. The Transmission Provider shall have the sole authority to determine the ATC and TTC of all commercially viable pathways for the Transmission System facilities, taking into account transmission reservations and schedules, scheduled maintenance of generation and transmission facilities, and in accordance with the FRCC ATC Coordination Procedures and NERC Standards.
2. The Transmission Provider shall initially determine the ATC and TTC for all commercially viable pathways for Transmission System facilities using the best available existing loadflow databases, consistent with transition procedures that will be documented in the FRCC ATC Coordination Procedures and posted on the FRCC web site.
3. The Divesting Owners and POs shall comply with the Transmission Provider's procedures in the development of the databases for the Transmission System as required.
   a) The Transmission Provider shall be responsible for confirming the line ratings and other data and design criteria provided to it by a PO or Divesting Owner.
   b) The Transmission Provider shall be responsible for determining in the first

instance the line ratings of any Transmission System facility placed in service after the commencement of operations of the Transmission Provider.

4. Any dispute between the Transmission Provider and a PO or Divesting Owner as to the line rating of a Transmission System facility or as to a the Transmission Provider ATC or TTC determination shall be referred to the Transmission Planning Committee and, if necessary, to dispute resolution using the procedures specified in the Transmission Provider OATT. In the interim, the Transmission Provider's determination shall control.

III. MAINTENANCE

A. Maintenance of Transmission System Facilities

1. The Transmission Provider shall determine the maintenance schedules for Transmission System facilities owned or leased by the Transmission Provider.

2. The POs shall on an ongoing basis submit to the Transmission Provider proposed maintenance schedules for Transmission System facilities that they own or lease. Such proposed schedules shall be submitted to the Transmission Provider as soon as possible after a PO determines that such maintenance is necessary. The Transmission Provider shall review and approve or require revisions to the proposed maintenance schedules. Subject to the foregoing, each PO shall be responsible (at its own cost and expense) to maintain and repair the Transmission System facilities owned by each such PO.

3. To the extent that the Transmission Provider revises previously approved

maintenance schedules for Transmission System facilities, the owner of those facilities shall be entitled to include the net direct costs of such change in any rate or rate formula that it files to recover costs from the Transmission Provider.

4. The owner of a Transmission System facility may not change the previously approved maintenance schedule except upon the approval of the Transmission Provider. The owner will not be entitled to any compensation for costs incurred either as a result of a requested change approved by the Transmission Provider or as a result of the Transmission Provider refusing to approve a requested change.

5. All maintenance shall be performed in accordance with the applicable GridFlorida Maintenance Standards or, as provided in Section III.B.3. below, such enhanced maintenance standards as may be agreed to by the Transmission Provider and the owner of a Transmission System facility or a Transmission Customer.

B. GridFlorida Maintenance Standards

1. The Transmission Provider shall develop standards for the maintenance ("the GridFlorida Maintenance Standards") for transmission facilities maintained by the Transmission Provider and, where applicable, other owners of a Transmission System facilities. These standards shall apply on a comparable basis to all the Transmission Provider transmission facilities included in the Transmission System, and will include standards for the coordinated scheduling of distribution and transmission maintenance, such that the costs incurred by the entity maintaining the distribution system will be taken into account in developing an economic transmission

maintenance schedule.

2. The Transmission Provider shall phase in the GridFlorida Maintenance Standards over a period of time not to exceed five years from the commencement of the Transmission Provider operations.

3. The owner of a Transmission System facility has the right to apply Enhanced Maintenance Standards, over and above the GridFlorida Maintenance Standards, to such transmission facilities, as it may own, as long as the Enhanced Maintenance Standards do not conflict with established GridFlorida Maintenance Schedules or adversely affect system reliability. To the extent that performance of maintenance pursuant to the Enhanced Maintenance Standards results in costs in excess of the costs that would have been incurred to perform maintenance pursuant to the GridFlorida Maintenance Standards, the difference in costs shall not be included in that owner's revenue requirement. Additionally, a Transmission Customer may request that the Transmission Provider apply Enhanced Maintenance Standards to transmission facilities used by the Transmission Customer, but maintained by the Transmission Provider. The Transmission Customer requesting Enhanced Maintenance Standards shall be solely responsible to the Transmission Provider for the difference between the cost of applying Enhanced Maintenance Standards and the cost of applying the GridFlorida Maintenance Standards.

C. Maintenance of Transmission Facilities Owned by Non-Participating Owners

Non-Participating Owners shall on an ongoing basis submit to the Transmission

Provider, operating in its Security Coordinator function, proposed maintenance schedules for transmission facilities that they own or lease. Such proposed schedules shall be submitted to the Transmission Provider as soon as possible after the Non-Participating Owner determines that such maintenance is necessary. The Transmission Provider shall review and approve or revise the proposed maintenance schedules.

D. Maintenance of Generation Facilities

1. Coordination of Annual Maintenance Schedules.

a) LSE Schedules. Load Serving Entities ("LSEs") shall submit to the FRCC, at a time to be determined by the FRCC, annual balanced schedules of generation and load, including wheeling out transactions, together with their annual generation maintenance schedules, which will be updated monthly. Such schedules shall balance load and generation on a daily basis, based on daily peak loads.

b) Other Generation Maintenance. Generators that are not included in the balanced schedules submitted pursuant to paragraph a) but which will have firm load obligations shall submit to the FRCC annual maintenance schedules. Such schedules shall be updated monthly.

c) Monthly and Annual Scheduling Coordination.

(1) FRCC Coordination Role. The FRCC will assemble the annual schedules for the FRCC region. Based on the submitted schedules, the FRCC will determine monthly whether the aggregate reserve margins for the Transmission Provider region assure

generation adequacy. The FRCC will follow its own procedures for addressing generation deficiencies.

(2) The Transmission Provider Role. On a monthly basis, the FRCC will provide the Transmission Provider with the updated annual schedules for generation maintenance for the GridFlorida region. Based on these generation maintenance schedules, the Transmission Provider will determine whether such schedules will cause noncompliance with NERC and FRCC transmission reliability criteria. In the event that the Transmission Provider determines that the submitted schedules are likely to result in a transmission criterion violation, the Transmission Provider shall post such information and, to the extent that it appears that generator-initiated adjustments will not alleviate the violation, facilitate coordination of generation maintenance schedules with any affected generation owners to alleviate such violation. In the event that voluntary action does not resolve any violation identified by the Transmission Provider, the Transmission Provider may refer to dispute resolution pursuant to the dispute resolution provisions of the Tariff any change it wishes to propose in generation maintenance schedules necessary to resolve the transmission criterion violation.

3. Near-Term Reliability and Security Problems. In the event of near-term reliability problems jeopardizing the security of the transmission system, the Transmission Provider, acting as Security Coordinator, shall have the authority, only in cases where, and to the extent that, congestion management mechanisms are insufficient, to require near-term changes to the previously accepted maintenance schedules of generation facilities that have

been designated as Network Resources by Network Service customers served by the Transmission Provider, provided that the owner of the affected Network Resource shall be entitled to compensation from the Transmission Provider for the net direct costs incurred as a result of a change to an accepted schedule, and provided further that the Transmission Provider may not require the generation owner to operate its generation in a manner that is inconsistent with Good Utility Practice.

4. Changes Initiated By the LSE or Generator. An LSE or a generator whose maintenance schedule has been accepted may request a change to the schedule as follows:

a. Changes to Annual Schedule. A request for a change that would begin at least 30 days following the date of submission of an annual schedule shall be submitted with the next monthly updated annual schedule.

b. Short-Notice Changes. A request for a short-notice change (i.e., a change that would begin less than 30 days following the date for submitting a monthly update to the annual schedule) shall be submitted to the Transmission Provider, which will in turn forward the request to the FRCC.

(i) The requested change shall be accepted unless, within the period provided for response in Exhibit O.1, "Procedure for Requesting Short-Notice Generator Maintenance Outage Changes," the Transmission Provider determines that such change will cause a transmission reliability criterion violation that cannot be relieved through congestion management mechanisms.

(ii) The FRCC shall also review the request to determine whether it may cause a

generation adequacy deficiency to occur. If the FRCC so determines, it shall communicate this information to the Transmission Provider and others as appropriate for the purpose of facilitating the alleviation of such deficiency.

c. Costs. An LSE or generator shall not be entitled to compensation for any costs incurred by the LSE or generator as a result of the acceptance or rejection of an LSE or generator-requested short-notice change.

d. Good Utility Practice. In evaluating a requested short-notice change, the Transmission Provider may not require a generation facility to be operated in a manner that is inconsistent with Good Utility Practice.

EXHIBIT O.1
To Operating Protocol

Procedure for Requesting Short-Notice
Generator Maintenance Outage Changes

I. Definitions

A. Short-Notice Outage: Means an outage requiring the removal of a unit from service to begin less than 30 days following the date that the previous monthly update to the annual maintenance schedule was submitted.

B. Short-Notice Outage Request ("Request"): Means a request for a generator Short-Notice Outage. Such request is made subsequent to the date the previous monthly update to the annual maintenance schedule was submitted, but prior to the next monthly update. This request may be for outage duration changes, additions, deletions, repositioning, or a new request.

II. Submission of Request

A. A Request shall be submitted in writing or by electronic mail to the Transmission Provider.

B. The Request shall provide the information listed in Appendix A [to be developed].

III. Processing of Request

A. The Transmission Provider shall date-stamp each request upon receipt and

prioritize the request for processing in the order of significance.

B. The Transmission Provider shall initially determine whether it contains information sufficient to act on the Request. If additional information is required for processing, The Transmission Provider shall notify the requesting party within five days of receipt of the Request. Within five days of the receipt of a request for additional information, the requesting party shall provide the information. Failure to provide such information will result in the Request being deemed to be withdrawn.

C. Upon determination that the necessary information has been provided to support the Request, the Transmission Provider will immediately forward the Request to the FRCC.

D. To the extent practicable, the Transmission Provider will confer and closely coordinate with the FRCC, and the Transmission Provider shall approve the Request unless it determines that transmission criterion violations exist that cannot be relieved through congestion management mechanisms.

E. The Transmission Provider shall notify the requesting party of its decision in accordance with the following table.

Submission of Request for a Change in the Start of an Outage	**Submitted to the following at the Transmission Provider**	**Response Time by the Transmission Provider from date request is complete**
More than 14 days in the future		Within 5 working days
7 to 14 days in the future		Within 3 working days
Less than 7 days in the future		Within 1 working day

F. To the extent that the Transmission Provider reasonably anticipates that a potential generation capacity deficiency may occur, the FRCC will review any generator maintenance change request for its impact on capacity adequacy and shall, as appropriate, inform the Transmission Provider and others as appropriate of an anticipated capacity deficiency within the Transmission Provider, for purposes of facilitating a response to such concern.

ATTACHMENT P

Congestion Management, Balancing Service, Operating Reserves, And Regulation

1 Overview

1.1 To assist the implementation of the market design set forth in this Attachment P and in other parts of the Transmission Tariff, and to provide for a timely review of the operation of that market design, the Transmission Provider will cooperate with the Advisory Committee to prepare a report for submission to the Transmission Provider's Board of Directors, 18 months after commencement of the Transmission Provider's operations, addressing the operation of the market and providing recommendations as to how, if at all, to modify the market design. The Transmission Provider will ensure that all interested parties will have the opportunity to comment on the report and propose any changes they believe are appropriate.

1.2 Balanced Schedules and Inc/Dec Bids

1.2.1 Each Scheduling Coordinator must provide for each hour of the Scheduling Day hourly balanced schedules for generation and load.

1.2.2 Each Scheduling Coordinator also must submit incremental and decremental energy bids ("incs" and "decs") for all resources scheduled in the Day-Ahead and Scheduling Adjustment Processes, as well as all Quick-Start Resources, whether scheduled or not. The Transmission Provider will develop a Bid Stack of incs and decs for use in congestion management and for providing Balancing Service, in accordance with this Attachment P. Energy prices and energy payments will be calculated in accordance with Section 13 hereof.

1.2.3 A Scheduling Coordinator that is an Internal Control Area operator shall provide incs and decs, however, a dec for such a Scheduling Coordinator shall not be utilized to provide Balancing Service unless the Scheduling Coordinator authorizes such use. Such a

Scheduling Coordinator must respond to the Transmission Provider's instructions to dispatch incs for Balancing Service on a scheduling frequency of 10 minutes, unless the Transmission Provider and the Scheduling Coordinator agree to a different scheduling frequency.

1.3 Rights to Transmit Power

1.3.1 Prior to scheduling, or as part of the Day-Ahead Scheduling Process, each Scheduling Coordinator must acquire rights to transmission capacity on both Flowgates and non-Flowgate facilities in amounts necessary to transmit power from the Scheduling Coordinator's resources to its sinks that are included in the Scheduling Coordinator's balanced schedule.

1.3.2 Rights to transmit power on non-Flowgate facilities are obtained under Parts II and III of the Tariff or as Next-Day Buy Through Service.

1.3.3 Rights across Flowgates must be in the form of any combination of Physical Transmission Rights ("PTRs"), Recallable Transmission Rights ("RTRs"), or Non-Firm Physical Transmission Rights ("NPTRs"). The Transmission Provider shall use posted Power Transfer Distribution Factors ("PTDFs") to determine whether a schedule requires the submission of a PTR, RTR, or NPTR.

1.4 Congestion Management During the Scheduling Process

1.4.1 Congestion occurs during the scheduling process when there is insufficient transfer capacity to simultaneously implement all of the balanced schedules that Scheduling Coordinators submit to the Transmission Provider.

1.4.2 Congestion during the scheduling process shall be resolved in accordance with Section 11 hereof.

1.5 Congestion Management During Real Time Operations

1.5.1 Congestion occurs in Real Time when transmission limitations prevent an unconstrained dispatch in the Balancing Service market.

1.5.2 For purposes of this Attachment P, "Real Time" for an hour shall begin 30 minutes prior to the start of the hour. Real Time shall end at the end of the applicable hour.

1.5.3 Congestion during Real Time shall be resolved in accordance with Section 12 hereof.

2 Flowgates and Settlement Zones

2.1 Flowgates

2.1.1 A Flowgate is a single transmission facility (line or transformer) or related transmission facilities (a) that qualify(ies) for loading relief under NERC Policy 9, (b) for which the Firm Reservation Use ("FRU") PTR requirement exceeds 80 percent of the Net Flowgate Capability ("NFC"), and (c) for which the sum of the FRU and Transmission Reserve Margin ("TRM") PTR requirement exceeds 90 percent of the NFC, at any load level studied. FRU, NFC, and TRM are defined in this Attachment P.

2.1.1.1 The identification of Flowgates shall be determined utilizing the same data bases and models utilized in the GridFlorida Planning Process. The methodology utilized to determine Flowgates shall be published on the Transmission Provider's OASIS.

2.1.1.2 All Flowgate studies shall be based upon a transmission facility configuration that includes those facilities planned and expected to be in operation during the study period. The study will include the effects of contingency analysis, Transmission Reserve Margin, and facility operating practices consistent with standard transmission facility planning studies.

2.1.2 At least annually, the Transmission Provider shall perform studies to determine whether new Flowgates should be created or whether existing Flowgates should be eliminated. The Transmission Provider may conduct additional studies when it determines that system conditions or other factors warrant such studies.

2.1.2.1 The Transmission Provider shall designate a new Flowgate as soon as reasonably practicable upon determining that congestion across a transmission line or group of transmission lines evidences usage that satisfies the standards of Section 2.1.1.

2.1.2.2 The Transmission Provider may create a new Flowgate if it determines that the planned addition of new generation or load will result in usage that satisfies the standards of Section 2.1.1.

2.1.2.3 When a new Flowgate is created or an existing Flowgate is eliminated, PTRs shall be allocated in accordance with this Attachment P.

2.1.3 Flowgates are delineated in Attachment P-1 hereto. PTRs available from the Transmission Provider across the Flowgates, and PTRs allocated pursuant to Sections 3.3.1, 3.3.2, and 3.3.3 will be posted on the Transmission Provider's OASIS.

2.2 Settlement Zones

2.2.1 The initial Settlement Zones shall be the FPL Settlement Zone, the TEC Settlement Zone, and the FPC Settlement Zone.

2.2.2 The Transmission Provider shall add new Settlement Zones and/or amend existing Settlement Zones (a) whenever a new entity divests or transfers control over transmission facilities to the Transmission Provider or (b) at such other time as the Transmission Provider deems appropriate. Prior to implementing any addition or change to Settlement Zones pursuant to this Section 2.2.2 the Transmission Provider will file such addition or

change with the Commission.

3 PTRs, RTRs, and NPTRs

3.1 To schedule a transaction across a Flowgate, a Scheduling Coordinator must own or control the necessary PTRs, RTRs, or NPTRs.

3.1.1 The flows a schedule produces across a Flowgate will be determined using PTDFs. PTDFs shall be calculated for all sources and sinks, and shall be expressed as the portion of a total transaction that flows across the Flowgate relative to the transaction's source(s) and sink(s). PTDFs shall be calculated using the same load flow model used for the transmission request evaluation process and shall be revised as necessary to reflect temporary transmission system topological changes.

3.1.2 The Transmission Provider will post on OASIS PTDFs relative to the Flowgates.

3.2 Calculating PTRs Available for Allocation or Auction

3.2.1 The Transmission Provider will calculate available PTRs across a Flowgate consistent with Attachment C and this Attachment P, and will account for existing and planned uses across each Flowgate.

3.2.2 The Transmission Provider will calculate the available PTRs for each Flowgate on a simultaneously feasible basis; PTRs will not exceed the capacity calculated for a Flowgate taking into account all credible contingencies.

3.2.3 The total number of PTRs across a Flowgate shall be equal to the NFC across the Flowgate.

3.2.3.1 NFC shall be equal to the Total Transfer Capability of the Flowgate plus the number of MW across the Flowgate made available due to counterflows resulting from long-term firm transactions.

3.2.3.1.1 Total Transfer Capability ("TTC") is the

maximum amount of power that can be transferred across a Flowgate in a reliable manner consistent with NERC and FRCC criteria.

3.2.3.2 NFC shall be calculated on a time-differentiated basis.

3.2.4 PTRs will be uniquely identified for a specific Flowgate.

3.3 Allocating PTRs

3.3.1 General Description of Allocation of PTRs to Existing Uses

3.3.1.1 Prior to commencement of operations, the Transmission Provider will allocate PTRs without auction to existing firm users of the Transmission System ("Existing Users") as follows:

(a) Long-Term Firm Point-to-Point Transmission Customers of the Participating Owners and Divesting Owners whose transmission rights are converted to service under the Tariff shall be allocated PTRs necessary to effectuate their existing firm reservations;

(b) Participating Owners and Divesting Owners that have Long-Term Firm Point-to-Point Transmission Customers whose transmission rights are not converted to service under the Tariff shall be allocated PTRs necessary to provide the Long-Term Firm Point-to-Point Transmission Service for such customers;

(c) Long-Term Firm Point-to-Point Transmission Customers that choose to retain transmission capacity in accordance with Section 9.1 of Attachment T shall be allocated PTRs necessary to effectuate such service;

(d) Network Transmission Customers of the Participating Owners and Divesting Owners whose transmission rights are converted to service under the Tariff shall be allocated PTRs necessary to effectuate their Network Transmission Service;

(e) Participating Owners and Divesting Owners who have Network Transmission Customers whose transmission rights are not converted to service under the Tariff shall be allocated PTRs necessary to effectuate Network Transmission Service for such customers;

(f) Participating Owners and Divesting Owners that will be taking Network Transmission Service from the Transmission Provider shall be allocated PTRs necessary to preserve their existing and planned uses.

3.3.1.2 Each Existing User under Section 3.3.1.1 shall have an equal right to an allocation of PTRs necessary to preserve its existing use. In the event all existing uses cannot be allocated PTRs across a Flowgate, each existing use shall receive a pro rata allocation of the PTRs available across that Flowgate, as provided in Section 3.3.2.

3.3.1.3 At the conclusion of each Annual Regional Planning Cycle, the Transmission Provider shall allocate without auction to each Network Customer and to each Divesting Owner or Participating Owner serving a non-converted Network Customer that received an initial allocation of PTRs pursuant to Section 3.3.1.1, an additional amount of PTRs necessary to satisfy that Network Customer's load growth for the upcoming year as identified in the Annual Regional Planning Process, to the extent that such PTRs are available. PTRs also will be allocated to Network Customers at this time for new or changed Network Resources to the extent that: (i) a request for the designation was made pursuant to Section 30.2 of this

Tariff or pursuant to a PO's or DO's transmission tariff then in effect; (ii) the Transmission Provider, PO, or DO, as applicable, was able to perform all necessary studies and planning in accordance with Part III of the Tariff and Attachment N–Planning Protocol or the PO's or DO's transmission tariff; and (iii) the facilities identified in the planning process have been constructed. To the extent that the Annual Regional Planning Process demonstrates that Network Customers require fewer PTRs, then the appropriate amount of PTRs shall be re-allocated to the auction process.

3.3.1.4 Whenever the set of Flowgates changes, PTRs will be allocated in accordance with the same rules applicable to the initial allocation of PTRs and the allocation of PTRs to entities directly assigned the costs of transmission upgrades.

3.3.2 Specific Description of Allocation of PTRs for Firm Uses of a Flowgate

3.3.2.1 PTRs for each Flowgate shall be allocated to Existing Users under Section 3.3.1 in accordance with this Section 3.3.2.

3.3.2.2 Subject to Section 3.3.2.6, PTRs shall be allocated to an Existing User under Section 3.3.1 equal to its FRU plus its TRM. The FRU shall account for uses of a Flowgate with all of the Existing User's firm resources available. The TRM shall account for the additional use of a Flowgate when the Existing User's resource that is most sensitive to the Flowgate is unavailable and its remaining resources are economically redispatched.

3.3.2.3 The FRU of an Existing User shall be determined by multiplying (a) the Existing User's expected usage with all of the Existing User's firm resources available by (b) the applicable PTDF of the Existing User during the applicable period.

3.3.2.4 The TRM across each Flowgate of an Existing User shall be determined in accordance with this Section 3.3.2.4.

3.3.2.4.1 First, for each applicable firm transmission user in the FRCC (whether a participant or a non-participant in GridFlorida) the additional use of each Flowgate shall be determined when the firm transmission user's resource that is most sensitive to the specific Flowgate (i.e., increases the use of the Flowgate by the greatest amount) is unavailable and its remaining resources are redispatched economically (the "Unavailable Unit Impact").

3.3.2.4.2 Second, the largest Unavailable Units Impacts from two different firm transmission users shall be totaled (the sum referred to as the "Total UUI").

3.3.2.4.3 Each Existing User's TRM shall be equal to its Unavailable Unit Impact * the ratio of Total UUI to the sum of Unavailable Unit Impacts for all firm transmission users.

3.3.2.5 If the sum of FRU and TRM for an Existing User across a Flowgate is negative, the Existing User shall not be allocated PTRs across that Flowgate.

3.3.2.6 If the allocation of PTRs on a Flowgate pursuant to Sections 3.3.2.1-3.3.2.5 exceeds NFC, each Existing User's PTR allocation shall be reduced in accordance with this Section 3.3.2.6.

3.3.2.6.1 First, the FRU and TRM for each Existing User under Section 3.3.2.5 shall be set to zero.

3.3.2.6.2 Second, each other Existing User's PTRs shall be reduced by an amount equal to (a) the total number of PTRs allocated across the Flowgate pursuant to Sections 3.3.2.1-3.3.2.5 that exceed the Flowgate's NFC times (b) the ratio of (i) the Existing User's TRM across the Flowgate to (ii) the total TRM allocated to Existing Users across the Flowgate. If the total number of PTRs that must be reduced is equal to or exceeds the total TRM allocated to Existing Users across the Flowgate, the TRM of each Existing User shall be set to zero.

3.3.2.6.3 If after each Existing User's TRM is reduced to zero pursuant to Section 3.3.2.6.2 the Flowgate allocation of PTRs continues to exceed NFC, the PTRs of each Existing User shall be reduced by an amount equal to (a) the total number of remaining PTRs allocated across the Flowgate that exceed the Flowgate's NFC times (b) the ratio of (i) the Existing User's FRU across the Flowgate to (ii) the total FRU allocated to Existing Users across the Flowgate.

3.3.3 Allocating PTRs For Construction

3.3.3.1 If the Transmission Provider upgrades transmission facilities, PTRs associated with such upgraded facilities shall be allocated through the procedures under Sections 3.3.2 or 3.3.4. The timing of the annual auction procedures under Section 3.3.4 may be modified to reflect the in-service date of the new facilities.

3.3.3.2 At the request of an Eligible Customer, and in accordance with the terms of this Tariff, the Transmission Provider will construct facilities that are planned for construction within five years of the date of such request (the "Planned

Construction Date") prior to the Planned Construction Date, provided the Eligible Customer agrees to pay the additional costs associated with constructing such facilities prior to the Planned Construction Date, including the time value of money, and provided further that if due to changed circumstances such facilities would not in fact have been constructed notwithstanding the plan the Eligible Customer shall be directly assigned the entire cost of such upgrades. The Eligible Customer will receive any PTRs associated with such upgrades during the period it is directly paying for such upgrades. After that time, the Eligible Customer no longer will receive such PTRs, and the PTRs associated with such facilities will be allocated through the procedures under Sections 3.3.2 or 3.3.4.

3.3.3.3 If an Eligible Customer requests the Transmission Provider to construct facilities that are not planned for construction within the next five years, in accordance with the terms of this Tariff the Transmission Provider will construct such facilities, provided the Eligible Customer agrees to directly pay for such facilities. The Eligible Customer will receive any PTRs associated with such upgrades. Notwithstanding the foregoing, if at any time after the five year period following the date the Eligible Customer requested the Transmission Provider to construct such facilities the Transmission Provider would have included such facilities in its transmission plan, at such time that the facilities would have been placed into service under such plan the Eligible Customer no longer will be responsible to directly pay for such facilities and no longer will receive the PTRs associated with such facilities. At such time, the PTRs associated with such facilities will be allocated through the procedures under Sections 3.3.2 or 3.3.4.

3.3.3.4 If an upgrade causes the elimination of a facility as a Flowgate, during such period that the Eligible Customer is directly paying for such upgrade, the Eligible Customer shall receive a firm right to capacity of the facility. Such firm right shall entitle it to PTRs commensurate with the

upgrade constructed if during the period the Eligible Customer is directly paying for the upgrade the facility is redesignated as a Flowgate.

3.3.4 Selling PTRs by Auction

3.3.4.1 At least 60 but not more than 75 days prior to the start of a Tariff Year, the Transmission Provider shall conduct an annual auction of available PTRs for each Flowgate. PTRs sold at the annual auction shall be sold in blocks which shall convey the right to schedule the use of a specific Flowgate in a specific direction for every hour of the Tariff Year. The amount of PTRs auctioned across a Flowgate on an annual basis shall be equal to the lowest seasonal available transmission capacity across the Flowgate, taking into account PTRs allocated pursuant to Sections 3.3.2 and 3.3.3 and all credible contingencies.

3.3.4.2 At least 30 but not more than 45 days prior to the start of each month, the Transmission Provider shall conduct a monthly auction of PTRs for each Flowgate. PTRs sold at the monthly auction shall be sold in blocks which shall convey the right to schedule the use of a specific Flowgate in a specific direction for every hour of the calendar month.

(a) The amount of PTRs auctioned across a Flowgate on a monthly basis shall be equal to the lowest available transmission capacity across the Flowgate during the month, taking into account PTRs allocated pursuant to Sections 3.3.2, 3.3.3 and 3.3.4.1 and all credible contingencies.

(b) Because available transmission capacity may increase during a month due to changes in system conditions, the Transmission Provider may also conduct auctions for blocks of PTRs that can be made available for a portion of a month. Blocks of PTRs sold at such auctions shall convey the right to schedule the use of a specific Flowgate in a specific

direction for the specified hours of the calendar month.

3.3.4.3 Two days prior to the Scheduling Day, the Transmission Provider shall conduct auctions of any remaining PTRs across a Flowgate that can be made available for that Scheduling Day. PTRs will be made available through peak and off-peak blocks. Blocks of peak PTRs shall convey the right to schedule the use of a specific Flowgate in a specific direction for every hour of the peak period. Blocks of off-peak PTRs shall convey the right to schedule the use of a specific Flowgate in a specific direction for every hour of the off-peak period. The amount of PTRs auctioned across a Flowgate on an hourly basis shall be equal to the available transmission capacity across the Flowgate during the block period, taking into account PTRs allocated to pursuant to Sections 3.3.2, 3.3.3, 3.3.4.1 and 3.3.4.2 and all credible contingencies.

(a) Off-peak periods shall be Saturdays, Sundays, NERC-defined holidays (e.g., Thanksgiving, Christmas, New Years Day, Memorial Day, Independence Day, and Labor Day), and those hours between 11:00 p.m eastern prevailing time and 7:00 a.m. eastern prevailing time of all other days.

(b) Peak periods shall be all periods that are not off-peak periods.

3.3.5 Auction Procedures

3.3.5.1 Any Eligible Customer or Scheduling Coordinator may acquire PTRs through the auction process. An Eligible Customer that has not entered into a Service Agreement under the Tariff must enter into an agreement with the Transmission Provider agreeing to be bound by the terms of this Attachment P. All bidders must satisfy the creditworthiness requirements under this Tariff. A bidder

may not submit bids that exceed the creditworthiness established by the Transmission Provider for that bidder.

3.3.5.2 A bidder must have access to the computer hardware, software, and communications equipment required to participate in the Transmission Provider's auctions.

3.3.5.3 Auctions shall be single-round, single clearing price auctions. The auctions for each of the Flowgates shall be conducted simultaneously.

3.3.5.4 The Transmission Provider shall post on its OASIS all information regarding an auction that is commercially significant, including the following:

(a) the number of PTRs to be issued for each Flowgate;

(b) the date and time prior to the commencement of the auction by which each bidder must have satisfied the necessary financial requirements;

(c) the specifications for the technical equipment necessary to participate in the auction;

(d) the date and time by which bids must be submitted, which shall be the same for all Flowgates; and

(e) the form and format in which bids must be submitted.

3.3.5.5 A bidder must specify:

(a) the number of PTRs the bidder desires to purchase;

(b) the maximum price per PTR (in $/MW) which the bidder wishes to pay for those PTRs; and

(c) whether it is acceptable for the Transmission Provider to fulfill part of the bid, or whether the bid

is submitted on an "all-or-none" basis.

3.3.5.6 Once submitted, a bid may not be cancelled or rescinded by the bidder.

3.3.5.7 For each Flowgate:

(a) all bids received by the Transmission Provider shall be stacked in the order of highest bid to lowest bid;

(b) the winning bids shall be determined by moving up the stack from the highest bid to the lowest bid, until the cumulative quantity of PTRs associated with these bids (the "winning bids") is greater than or equal to the total number of PTRs available;

(c) if the last winning bid is an "all-or-none" bid that cannot be completely honored, that bid shall be rejected and removed from the stack;

(e) the PTR clearing price for a Flowgate is the price of the last PTR allocated through the auction process for that Flowgate; and

(d) in the event that there are multiple bids with prices equal to the PTR clearing price, and all such bids cannot be satisfied, each of those bids shall be awarded a pro rata share of the PTRs that remain after PTRs have been allocated to higher price bids.

3.3.5.8 The Transmission Provider shall announce the results of the auction simultaneously to all bidders, by posting on the Transmission Provider's OASIS, for each Flowgate, the quantities of PTRs awarded to each bidder and the clearing price for each Flowgate.

3.3.5.9 For each Flowgate, each winning bidder in a PTR auction shall pay the Transmission Provider the following charges:

(a) an amount equal to the quantity of PTRs awarded to that bidder multiplied by the PTR clearing price; plus

(b) an auction administration fee, which shall be as specified in the Tariff.

3.3.6 Allocation of Auction Revenues

Revenues received from auctions of PTRs shall be used during the true-up process of Attachment U to reduce Annual System Transmission Costs.

3.4 Secondary Market for PTRs

3.4.1 To assist in the liquidity of the secondary market for PTRs:

3.4.1.1 the Transmission Provider will post on its OASIS PTDFs for all sources and sinks and the identities of the current PTR holders;

3.4.1.2 holders of PTRs that wish to sell PTRs may post on the Transmission Provider's OASIS offers for such sales;

3.4.1.3 entities that wish to purchase PTRs may post on the Transmission Provider's OASIS offers to purchase such PTRs.

3.4.2 The entity that owns or controls a PTR may assign, sell, transfer ownership of, or transfer the right to schedule the use of, a PTR, a block of PTRs, or any portions of a block of PTRs, to any Eligible Customer or Scheduling Coordinator. The revenues from such transaction shall accrue to the entity that owned or controlled said PTRs.

3.4.3 It shall be the responsibility of the entity owning or controlling PTRs to report to the Transmission Provider any sale of its PTRs for posting on the OASIS, and the Transmission Provider shall not accept instructions from any other entity to post a change in PTR

ownership. As provided in Section 3.4.4, the ownership posted on the OASIS shall govern any disputes over the ownership of PTRs.

3.4.3.1 All purchasers and sellers of PTRs shall retain, for each Flowgate, records of the quantities of PTRs purchased or sold through secondary markets, for a period of one year following the purchase or sale of the PTRs. Such records shall be made available to the Transmission Provider upon request.

3.4.4 Other than posting reported changes of ownership on its OASIS, the Transmission Provider shall assume no role in tracking the ownership of PTRs that have been traded in secondary markets, and expressly assumes no liability for any damages resulting from disputes that arise over the right to schedule the use of a PTR. In the event that two or more Scheduling Coordinators submit schedules that assert the right to schedule the use of an identical PTR:

3.4.4.1 the Transmission Provider shall provide the Scheduling Coordinators that claim the right to use the PTR with an opportunity to resolve ownership of the PTR and resubmit their schedules;

3.4.4.2 if the Scheduling Coordinators do not resolve the conflicting claims in their revised schedules, then the Transmission Provider shall accept the schedule submitted by the entity listed on the OASIS as the owner of the PTRs. If none of the entities submitting conflicting claims is listed on the OASIS as the owner of the PTRs, the Transmission Provider shall select one of the conflicting claims using an objective, random process and notify the other Scheduling Coordinator that it must resubmit its schedule without the disputed PTRs.

3.5 RTRs

3.5.1 PTRs that are not scheduled in the Day-Ahead Scheduling Process will be made available through auction under Section 9.3.2 as

RTRs, subject to the recall rights specified in Section 3.5.4.

3.5.2 The revenues from the auction of unscheduled PTRs will be used during the true-up process of Attachment U to reduce Annual System Transmission Costs, and will not be paid to the original PTR holder.

3.5.3 A Scheduling Coordinator may submit alternative bids for RTRs and NPTRs. Further, a Scheduling Coordinator may specify that its bid for RTRs automatically will convert to a bid for NPTRs in the event that either (a) its bid for RTRs is not accepted or (b) it is granted RTRs which later are recalled.

3.5.4 The original entity that owned or controlled a PTR auctioned pursuant to Section 3.5.1 may recall the PTR and schedule the PTR during the Schedule Adjustment Process up to 120 minutes prior to the applicable hour. A PTR auctioned under Section 3.5.1 that is not recalled by 120 minutes prior to the hour shall be non-recallable after that time.

3.5.5 RTRs across a Flowgate shall be considered recalled first from those Scheduling Coordinators that purchased the RTRs across the Flowgate during the Schedule Adjustment Process, on a last-in, first-out basis. RTRs next shall be considered recalled from those Scheduling Coordinators that provided the lowest bids for RTRs across said Flowgate during the Day-Ahead Scheduling Process. In the event of a tie, RTRs shall be considered recalled on a pro rata basis from the Scheduling Coordinators in a tie, provided that RTRs shall be considered recalled first from any such Scheduling Coordinator that bid on an "all-or-none" basis.

3.5.6 If a RTR is recalled by the original PTR holder, the applicable RTR holder shall be refunded all amounts paid to obtain such RTR. Upon learning that its RTR was recalled, the RTR holder shall adjust its schedules to satisfy the balanced schedule requirement prior to the hour.

3.6 NPTRs

3.6.1 The Transmission Provider shall make NPTRs available from additional transfer capability that it reasonably anticipates across one or more Flowgates and through the redispatch of incs and decs at the request of a Scheduling Coordinator.

3.6.2 NPTRs will be made available on an hourly basis in accordance with this Attachment P.

3.6.3 Requests for NPTRs may be made in the Day-Ahead Scheduling Process, and may be made on an "all-or-none" basis. Such request must include a maximum price that the requestor is willing to pay for the NPTR.

3.6.4 The cost of redispatch applicable to NPTRs for an hour across a Flowgate shall be calculated after the Transmission Provider no longer accepts schedule changes for that hour (except as provided in Section 9.4.3, 30 minutes prior to the applicable hour).

3.6.4.1 At that time, the Transmission Provider shall determine the incs and decs necessary to provide redispatch to accommodate requests for NPTRs across the Flowgate, taking into account the additional Net Flowgate Capability the Transmission Provider reasonably anticipates across the applicable Flowgate.

3.6.5 The hourly price of each NPTR across a Flowgate shall be determined by dividing the total redispatch cost, if any, to provide NPTRs across the Flowgate for the hour by the total number of NPTRs provided across that Flowgate during that hour, including the number of NPTRs provided from the additional Net Flowgate Capability the Transmission Provider reasonably anticipates across the applicable Flowgate.

3.6.5.1 There shall be no costs associated with the additional Net Flowgate Capability the Transmission Provider reasonably anticipates across the Flowgate.

3.6.6 NPTRs across a Flowgate shall be allocated first to Scheduling Coordinators with the highest bids. In the event all requests for NPTRs across a Flowgate cannot be satisfied, NPTRs shall be allocated to Scheduling Coordinators that submitted the same lowest accepted bid on a pro rata basis based on the number of NPTRs across the Flowgate requested, provided that such Scheduling Coordinators that requested NPTRs on an "all-or-none" basis shall not be allocated NPTRs.

3.6.6.1 In no event shall NPTRs be granted for an hour to a Scheduling Coordinator that submits a bid for such service that is less than the hourly price to provide such service for that hour.

3.6.7 An Eligible Customer or Scheduling Coordinator that schedules a transaction that creates a counterflow across a Flowgate shall be allocated NPTRs equal to the number of MW of congestion cleared on the Flowgate as a result of the counterflow. The NPTRs allocated under this Section 3.6.7 shall be valid only at such times as the counterflow actually is occurring. If the scheduled counterflow is cancelled prior to Real Time, the NPTR shall be cancelled and the NPTR holder must submit a new balanced schedule. In the event that a scheduled counterflow does not materialize in Real Time, the Scheduling Coordinator that scheduled the counterflow shall be responsible for any congestion costs associated with replacing the counterflow transaction.

4 Reservation of Transmission Capacity for Non-Flowgate Facilities

4.1 A Scheduling Coordinator must obtain transmission capacity for the use of non-Flowgate facilities required for its transaction. This transmission capacity shall be obtained pursuant to Parts II and III of the Tariff or as Next-Day Buy Through Service.

4.2 A Scheduling Coordinator that has entered into a Service Agreement under this Tariff may request Next-Day Buy Through Service for one or more hours at the same time it submits its balanced day-ahead schedule. Next-Day Buy Through Service will be made available on an hourly basis

in accordance with this Attachment P.

4.3 Next-Day Buy Through Service shall be available from transmission capability on Non-Flowgate Facilities in excess of that needed for reliable service under Parts II and III of the Tariff, and through redispatch as provided in this Attachment P.

4.4 A request for Next-Day Buy Through Service shall include a maximum redispatch price that the requestor is willing to pay for such service in each hour it requests service, and may be made on an "all-or-none" basis. Such a request also must include either (a) a designated Point of Receipt and Point of Delivery or (b) the designation of the Network Load that will be served by Next-Day Buy Through Service, and the resource that will be used to serve the Network Load using Next-Day Buy Through Service. To the extent that a Scheduling Coordinator has not otherwise obtained sufficient rights to transmission across non-Flowgate facilities, and has not made a specific request for Next-Day Buy Through Service, the Scheduling Coordinator shall be deemed to have submitted a request for Next-Day Buy Through Service at the same time that it submits its balanced schedule, with no limit on the amount it is willing to pay for redispatch service.

4.5 The cost of redispatch applicable to Next-Day Buy Through Service for an hour shall be calculated after the Transmission Provider no longer accepts schedule changes for that hour (except as provided in Section 9.4.3, 30 minutes prior to the applicable hour).

4.5.1 At that time, the Transmission Provider shall determine the incs and decs necessary to provide redispatch to accommodate requests for Next-Day Buy Through Service.

4.6 Next-Day Buy Through Service shall be allocated first to Scheduling Coordinators that submitted the highest redispatch prices for the hour. In the event all requests for Next-Day Buy Through Service for the hour across constrained non-Flowgate facilities cannot be satisfied, Next-Day Buy Through Service shall be allocated to Scheduling Coordinators that submitted the same lowest accepted redispatch price for the hour on a pro rata basis based on the number of MW of service across the non-Flowgate facilities requested by the Scheduling Coordinators, provided that such

Scheduling Coordinators that requested Next-Day Buy Through Service on an "all-or-none" basis for the hour shall not be allocated Next-Day Buy Through Service.

4.6.1 In no event shall Next-Day Buy Through Service be granted for an hour to a Scheduling Coordinator that submits a bid for such service that is less than the hourly price of redispatch to provide such service for that hour.

4.7 The hourly charge for Next-Day Buy Through Service shall be the sum of the following:

4.7.1 The hourly redispatch cost, if any, incurred to provide the Next-Day Buy Through Service, calculated by Settlement Zone and allocated to the purchasers of such service in the Settlement Zone.

4.7.1.1 The cost of redispatch to accommodate Next-Day Buy Through Service in a Settlement Zone in an hour shall be equal to the net cost of redispatch scheduled by the Transmission Provider for the hour for such service in such Settlement Zone.

4.7.2 A transmission access charge, if applicable.

4.7.2.1 A Scheduling Coordinator using Next-Day Buy Through Service to serve designated Network Load will not be subject to a transmission access charge.

4.7.2.2 A Scheduling Coordinator using Next-Day Buy Through Service to serve a Point of Delivery, i.e., other than service to the Scheduling Coordinator's designated Network Load, shall pay:

(i) For service to a Point of Delivery within a Transmission Rate Zone, including to a TDU or other load serving entity that does not join GridFlorida but is located within a Transmission Rate Zone, 1/4160 of the Zonal Rate provided in Schedule 7, multiplied by the number of MW of

such Next-Day Buy Through Service provided to the Scheduling Coordinator during the hour.

(ii) For service that is not provided to a Point of Delivery within a Transmission Rate Zone, 1/4160 of the Through And Out Rate provided in Schedule 7, multiplied by the number of MW of such Next-Day Buy Through Service provided to the Scheduling Coordinator during the hour.

(iii) In addition to the applicable charges pursuant to (i) and (ii), 1/4160 of the System-Wide Rate, multiplied by the total number of MW of Next-Day Buy Through Service provided to the Scheduling Coordinator during the hour.

4.7.3 All other charges applicable to transmission service under the Tariff.

4.8 The treatment of Next-Day Buy Through Service when congestion occurs on non-Flowgate facilities during Real Time operations is described in Section 12.2 hereof.

5 Regulation and Frequency Response Service

5.1 Two days before the Scheduling Day, the Transmission Provider and Internal Control Areas shall determine the amount of MWs needed to provide Regulation Service for each hour of the Scheduling Day based upon forecasted loads. The Transmission Provider will on a load ratio share basis allocate MW requirements for Regulation Service to each Scheduling Coordinator within the Transmission Provider's Control Area. Each Internal Control Area will on a load ratio share basis allocate MW requirements for Regulation Service to each Scheduling Coordinator within the Internal Control Area.

5.2 A Scheduling Coordinator serving load in the Transmission Provider's Control Area may (i) purchase Regulation Service from the Transmission Provider pursuant to this Tariff, (ii) self-schedule Regulation Service from generating units located within the Transmission Provider's Control Area,

whether through bilateral agreements or from generating units owned by the Scheduling Coordinator, and/or (iii) dynamically schedule generating units into the Scheduling Coordinator's Control Area and self-schedule Regulation Service from those units. A generating unit providing Regulation Service in the Transmission Provider's Control Area, whether such service is self-scheduled or purchased under this Tariff, shall be available for control by the Transmission Provider during the hours the unit is providing Regulation Service, within the regulating range being used to provide Regulation Service.

5.3 Except as provided in Section 5.4, a Scheduling Coordinator serving load in an Internal Control Area may (i) purchase Regulation Service from the Transmission Provider pursuant to this Tariff, (ii) self-schedule Regulation Service from generating units located within the Internal Control Area, whether through bilateral agreements or from generating units owned by the Scheduling Coordinator, (iii) dynamically schedule generating units into the Internal Control Area and self-schedule Regulation Service from those units, and/or (iv) dynamically schedule its load out of the Internal Control Area to the Transmission Provider's Control Area. A generating unit providing Regulation Service in an Internal Control Area, whether such service is self-scheduled or purchased under this Tariff, shall be available for control by the Internal Control Area during the hours the unit is providing Regulation Service, within the regulating range being used to provide Regulation Service.

5.4 A Scheduling Coordinator that is an Internal Control Area must self-supply Regulation Service, using its own resources or through bilateral contracts. To the extent a generating unit is being used by a Scheduling Coordinator that is an Internal Control Area to self-supply Regulation Service, including though a bilateral contract, such generating unit shall not be subject to the control of the Transmission Provider.

5.5 A Scheduling Coordinator may purchase Regulation Service under this Attachment P only for loads in the Transmission Provider's Control Area or an Internal Control Area. Until such time as a market for Regulation Service is put into effect that will satisfy the Transmission Provider's obligation to act as provider of last resort for such service, the Transmission Provider will satisfy its obligation to provide Regulation Service hereunder through agreements with Divesting Owners and

Participating Owners. The Transmission Provider also may enter into agreements with third parties to offer Regulation Service hereunder.

5.5.1 The rates for Regulation Service shall reflect a pass-through of the costs incurred under the agreements entered into by the Transmission Provider pursuant to Section 5.5. Capacity rates shall be calculated on an average basis, i.e., the same capacity rate shall apply for all Regulation Service provided by the Transmission Provider during an hour.

5.5.2 Rates under the agreements entered into by the Transmission Provider pursuant to Section 5.5 will be effective only if they are accepted by the Commission or pursuant to a tariff accepted by the Commission.

5.5.3 A Scheduling Coordinator providing Regulation Service shall be paid, or pay for, energy produced or consumed in accordance with Section 13.

5.6 The Transmission Provider may establish locational or deliverability requirements for resources to be eligible to provide Regulation Service.

[SECTIONS 5.7 THROUGH 5.10 ARE NOT CURRENTLY IN EFFECT.

5.7 Scheduling Coordinators may submit bids to provide Regulation Service based on the dispatch points for resources specified in their schedules. Bids submitted by Scheduling Coordinators shall specify the following: (i) number of MWs available for Regulation Service (i.e., the regulating range); (ii) $/MW bid; (iii) MW/minute capability; and (iv) $/MWh bid for incs and decs. Bids may include multiple generating units if the multiple units may be operated as a single unit and if such units have been pre-qualified by the Transmission Provider for such bidding, provided that a generating unit may only be bid as part of one group.

5.7.1 Scheduling Coordinators only may bid generating units located in the Transmission Provider's Control Area into the Regulation Service market.

5.7.2 The Transmission Provider will develop an annual certification

test for each generating unit offering Regulation Service.

5.8 In the Day-Ahead Scheduling Process, a Scheduling Coordinator may simultaneously offer the same resource capacity into any or all of the Ancillary Services markets for which the resource is capable of providing service. The Scheduling Coordinator may specify different capacity bids with a common associated energy bid curve from a single resource or from a portfolio of resources for each of the Ancillary Services.

5.9 Bids to provide Regulation Service that are not selected in the Day-Ahead Scheduling Process, and that are associated with capacity that is not otherwise utilized by the Scheduling Coordinator or for other services under this Tariff, shall be considered available until withdrawn by the Scheduling Coordinator. Further, Scheduling Coordinators may submit additional bids to provide Regulation Service at any time during the Schedule Adjustment Process, provided that such bids shall not affect the bids selected during the Day-Ahead Scheduling Process, and provided further that the Transmission Provider has adequate time to incorporate such bids into the bidding process.

5.9.1 The Transmission Provider may call upon such bids whenever the availability of Regulation Service is insufficient at a particular time.

5.9.2 When a Scheduling Coordinator's bid is called on under this Section 5.9.2, the Scheduling Coordinator will be paid its availability bid price. The Scheduling Coordinator also shall be paid (pay) for energy produced (consumed) in accordance with Section 13.

5.10 A Scheduling Coordinator that did not self-supply its full Regulation Service requirement shall pay (a) the market clearing capacity price for Regulation Service for each MW of Regulation Service that it did not self-supply, and (b) for energy associated with Regulation Service in accordance with Section 13.]

6 Operating Reserves

6.1 The FRCC will establish minimum operating reserve (Spinning Reserves

and Supplemental Reserves) requirements for Florida. The FRCC will allocate the Spinning Reserve and Supplement Reserve requirements to Control Areas, treating the Transmission Provider and Internal Control Areas as one Control Area. The Transmission Provider will allocate its share of Spinning Reserves and Supplemental Reserves to all Scheduling Coordinators in a manner consistent with the FRCC's allocation to Control Areas, provided that the Transmission Provider will not allocate Spinning and Supplemental Reserves to a Scheduling Coordinator that is a Control Area if the FRCC allocated such requirements directly.

6.2 When Scheduling Coordinators submit their balanced schedules, each Scheduling Coordinator must inform the Transmission Provider what portion (all, some, or none) of the Scheduling Coordinator's operating reserves obligation that the Scheduling Coordinator will self-provide, using its own resources or through bilateral contracts. The Scheduling Coordinator must identify the specific resources the Scheduling Coordinator will use to self-provide operating reserves, and the amount of such resources that satisfy its Spinning Reserves requirement. A Scheduling Coordinator may utilize demand side management to satisfy operating reserves to the extent consistent with FRCC rules. The Scheduling Coordinator will purchase from the Transmission Provider the portion of its operating reserves requirements that it does not self-provide.

6.3 Until such time as a market for operating reserves is put into effect that will satisfy the Transmission Provider's obligation to act as provider of last resort for such services, the Transmission Provider will satisfy its obligation to provide operating reserves hereunder through agreements with Divesting Owners and Participating Owners. The Transmission Provider also may enter into agreements with third parties to offer operating reserves hereunder.

6.3.1 The capacity rates for operating reserves shall reflect a pass-through of the costs incurred under the agreements entered into by the Transmission Provider pursuant to Section 6.3. Such rates shall be calculated on an average basis, i.e., the same capacity rate shall apply for all Spinning Reserves Service and the same capacity rate shall apply for all Supplement Reserves Service provided by the Transmission Provider during an hour.

6.3.2 Rates under the agreements entered into by the Transmission Provider pursuant to Section 6.3 will be effective only if they are accepted by the Commission or pursuant to a tariff accepted by the Commission.

6.3.3 When a Scheduling Coordinator's operating reserves are called-on by the Transmission Provider, that Scheduling Coordinator shall be paid for such energy in accordance with Section 13 hereof.

6.4 The Transmission Provider may establish locational or deliverability requirements for resources to be eligible to provide operating reserves.

[SECTIONS 6.5 THROUGH 6.9 ARE NOT CURRENTLY IN EFFECT.

6.5 Scheduling Coordinators may submit bids to provide operating reserves in the Day-Ahead Scheduling Process.

6.5.1 Spinning Reserves

Bids for Spinning Reserves shall specify the following: (i) number of MWs available for Spinning Reserves; (ii) $/MW bid; (iii) $/MWh bid.

6.5.2 Supplemental Reserves

Bids for Supplemental Reserves shall specify the following: (i) number of MWs available for Supplemental Reserves; (ii) $/MW bid; (iii) $/MWh bid.

6.6 In the Day-Ahead Scheduling Process, a Scheduling Coordinator may simultaneously offer the same resource capacity into any or all of the Ancillary Services markets for which the resource is capable of providing service. The Scheduling Coordinator may specify different capacity bids with a common associated energy bid curve from a single resource or from a portfolio of resources for each of the Ancillary Services.

6.7 The Transmission Provider will determine, based on the amount of reserves self-provided by Scheduling Coordinators, the amount of Spinning Reserves and Supplemental Reserves the Transmission Provider

must procure in its role as provider of last resort.

6.7.1 The Transmission Provider will select resources to provide operating reserves on the basis of submitted bids. The Transmission Provider will select the least-cost resources to provide the necessary service, in accordance with Section 8.

6.7.2 The Transmission Provider will determine the amount of Spinning Reserves and Supplemental Reserves that it needs, but will select Spinning Reserves to provide Supplemental Reserves when the cost of available Spinning Reserve is less than the cost of available Supplemental Reserve.

6.8 Bids to provide operating reserves that are not selected in the Day-Ahead Scheduling Process, and that are associated with capacity that is not otherwise utilized by the Scheduling Coordinator or for other services under this Tariff, shall be considered available until withdrawn by the Scheduling Coordinator. Further, Scheduling Coordinators may submit additional bids to provide operating reserves at any time during the Schedule Adjustment Process, provided that such bids shall not effect the bids selected during the Day-Ahead Scheduling Process, and provided further that the Transmission Provider has adequate time to incorporate such bids into the bidding process.

6.8.1 The Transmission Provider may call upon such bids whenever the availability of operating reserves is insufficient at a particular time.

6.8.2 When a Scheduling Coordinator's bid is called on under this Section 6.8, the Scheduling Coordinator will be paid its availability bid price. The Scheduling Coordinator also shall be paid for energy produced in accordance with Section 13.

6.9 A Scheduling Coordinator that did not self-supply its full Spinning Reserve requirement shall pay the market clearing capacity price for Spinning Reserves for each MW of Spinning Reserves that it did not self-supply. A Scheduling Coordinator that did not self-supply its full Supplemental Reserve requirement shall pay the market clearing capacity price for Supplemental Reserves for each MW of Supplemental Reserves

that it did not self-supply. Energy associated with these services shall be priced in accordance with Section 13.]

6.10 In Real Time, the portion of a unit designated to provide operating reserves will be deactivated in normal operating conditions. That is, in the absence of a contingency of at least 100 MW, the energy component of operating reserves will not be available to the Transmission Provider. In the event of a contingency, the energy component of operating reserves will be activated and placed in the Bid Stack. In the event operating reserves are activated, the Transmission Provider shall dispatch Spinning Reserves and Supplemental Reserves on the basis of the energy price only, provided such dispatch satisfies all applicable reliability requirements.

7 Operation of Real Time Balancing Market

7.1 All Control Areas, including Internal Control Areas, within the Regional Market shall be treated as a single region for the purposes of providing Ancillary Services and performing congestion management.

7.2 The Transmission Provider shall direct the Real Time operations of the Regional Market in accordance with this Attachment P.

7.3 With the exception noted for Regulation Service, the Transmission Provider shall direct the dispatch of all Ancillary Services and shall direct the dispatch of all resources under its control in Real Time for the purposes of providing Balancing Service and for congestion management. Internal Control Areas shall be responsible for dispatching Regulation Service within their Control Area in accordance with the provisions of this Attachment P.

7.4 The Transmission Provider shall set the hourly interchange schedules between the Transmission Provider's Control Area, Internal Control Areas, and External Control Areas as follows:

7.4.1 Interchange schedules of Internal Control Areas will be scheduled between the Transmission Provider and the Internal Control Area periodically throughout each hour, on a ten-minute basis or other frequency agreed to by the parties. The Transmission Provider shall establish a baseline schedule for each hour based on the

balanced schedules submitted by the Scheduling Coordinator for the Internal Control Area and any fixed interchange schedules with External Control Areas. Adjustments to these interchange schedules will be determined by the Transmission Provider as a result of its Real Time balancing market dispatch process as described in Section 8.

7.4.2 Interchange schedules with External Control Areas will be coordinated by the Transmission Provider, including interchange schedules between Internal Control Areas and External Control Areas. These schedules will be coordinated per traditional interchange scheduling practices of the FRCC.

8 Bid Stack and Bid Evaluation for Ancillary Services

8.1 During the scheduling process the Transmission Provider shall develop and update a Bid Stack for incs and decs, as provided in this Attachment P.

8.2 The Transmission Provider shall develop one Bid Stack, however, the Transmission Provider's ability to call on certain bids in that Bid Stack may be limited, as provided in this Attachment P.

8.3 The Transmission Provider shall use inc and dec bids from the Bid Stack only as follows:

8.3.1 The Transmission Provider shall utilize incs and decs for congestion management purposes in accordance with this Attachment P.

8.3.2 The Transmission Provider shall utilize incs and, as applicable, decs in Real Time to provide Balancing Service.

8.4 The Transmission Provider shall not be required to utilize inc and dec pairs from the same Scheduling Coordinator's resources, e.g., the Transmission Provider shall be permitted to utilize an inc from one Scheduling Coordinator's resources and an associated dec from another Scheduling Coordinator's resources to provide redispatch for the purposes enumerated under this Tariff.

8.5 Except as otherwise provided in this Section 8.5, when it is necessary to increase energy from resources, the Transmission Provider shall select from the Bid Stack the resource that has the lowest incremental energy bid price. When it is necessary to reduce energy from resources, the Transmission Provider shall select from the Bid Stack the resource that has the highest decremental bid price. When resources with identical inc or dec bids are available, and the entire amount of the resources is not required, the Transmission Provider shall to the extent possible call on an equal share of incs and decs from each such resource.

8.5.1 When the Transmission Provider has utilized an inc for a resource, the Transmission Provider shall decrease that resource's output to eliminate the amount of the inc prior to utilizing a dec from a different resource, provided such action results in the necessary dispatch of the system.

8.5.2 When the Transmission Provider has utilized a dec for a resource, the Transmission Provider shall increase that resource's output to eliminate the amount of the dec prior to utilizing an inc from a different resource, provided such action results in the necessary dispatch of the system.

8.5.3 Resources shall be backed down in the reverse order as they were incremented. Further, resources shall be moved up in the reverse order as they were decremented.

8.5.4 Certain system contingencies and congestion management may require that resources be dispatched on the basis of location as well as price. Resources dispatched for the purpose of congestion management shall be dispatched to minimize redispatch costs. The Settlement Period Energy Clearing Price for each Settlement Zone may vary under these circumstances and shall be determined in accordance with Section 13.

8.6 During Real Time operations, the Transmission Provider shall use the incs and decs submitted by Scheduling Coordinators to determine the least cost solution for Balancing Service and managing congestion within the Regional Market in accordance with the following principles:

8.6.1 The Transmission Provider shall periodically execute a Real Time dispatch process that is based on a security constrained economic dispatch algorithm and is consistent with this Attachment P.

8.6.2 The Real Time dispatch process will take into account factors such as short term load forecasts, transmission constraints, credible contingencies, interchange schedules, and generating unit operating parameters.

8.6.3 The Real Time dispatch process will evaluate the entire Regional Market as a single market. For the purposes of determining the least cost solution, the Real Time dispatch process will ignore Control Area boundaries between the Transmission Provider's Control Area and Internal Control Areas.

8.6.4 The output of the Real Time dispatch process will be a desired set of dispatch instructions to increase or decrease, as applicable, the output of generators or dispatchable loads and may include schedule changes between the Transmission Provider's Control Area and Internal Control Areas.

[SECTION 8.7 IS NOT CURRENTLY IN EFFECT.

8.7 When selecting bids for operating reserves and Regulation Service:

8.7.1 The Transmission Provider shall differentiate between bids for Regulation Service, Spinning Reserves, and Supplemental Reserves only through the capacity bid associated with the resource, except in the case of a tie, in which case the Transmission Provider shall choose the bid with the lowest energy bid price.

8.7.2 The Transmission Provider shall dispatch energy from a resource that has been committed to provide Ancillary Services based on its energy bid price and the rules specified in this Attachment, including rules for use of the Bid Stack.

8.7.3 The Transmission Provider shall accept Ancillary Service capacity reservation bids submitted to the auctions by Scheduling

Coordinators such that (a) after adjusting for self-provided Ancillary Services, the total amount of each Ancillary Service capacity procured by the Transmission Provider meets the Transmission Provider's requirements; (b) the amount of Ancillary Service capacity reserved from each resource is less than or equal to the amount of Ancillary Service capacity offered in the Ancillary Service capacity reservation bid of the Scheduling Coordinator responsible for the resource; and (c) the aggregated cost of the accepted bids is minimized, while taking system conditions into account.

8.7.4 The Transmission Provider shall simultaneously procure resources for Regulation Service, Spinning Reserves, and Supplemental Reserves for each Settlement Period.

8.7.5 Any resource accepted by the Transmission Provider in one of the Ancillary Service procurement auctions shall be deducted from the capacity that is available for procurement in other Ancillary Service procurement auctions.

8.7.6 The Transmission Provider shall determine a market clearing price that shall be paid to a Scheduling Coordinator for each Ancillary Service under this Attachment P. The market clearing price shall equal the highest priced capacity reservation bid accepted by the Transmission Provider for providing that Ancillary Service. Energy associated with ancillary services shall be accounted for in accordance with Section 13 hereof.]

9 Scheduling

9.1 Balanced Schedules

9.1.1 In the Day-Ahead Scheduling and Schedule Adjustment Processes, each Scheduling Coordinator must provide for each hour of the Scheduling Day hourly balanced schedules for generation and load based on defined sources and sinks, rights to use non-Flowgate facilities necessary to transact those balanced schedules, and the PTRs, RTRs and/or NPTRs necessary to transact such balanced schedules. Each Scheduling Coordinator also must identify all

generating units it will use to self-supply operating reserves and Regulation Service, including through bilateral purchases.

9.1.2 Scheduling Coordinators must identify any inter-Scheduling Coordinator trades included in the schedules and must identify the Settlement Zone in which the trade will be accounted. The purchasing Scheduling Coordinator shall be deemed to have provided the amount of service associated with the inter-Scheduling Coordinator trade. The selling Scheduling Coordinator will be obligated to provide the service in accordance with this Tariff, including ensuring that all necessary transmission rights have been obtained.

9.2 Incremental and Decremental Energy Bids

9.2.1 Each Scheduling Coordinator must submit incs and decs for congestion management, and, as applicable, Balancing Service. Incs and decs must be provided for all resources scheduled in the Day-Ahead and Schedule Adjustment Processes, as well as all Quick-Start Resources, whether scheduled or not.

9.2.2 Scheduling Coordinators may include as part of their bids of incs, bids to reduce the amount of energy consumed by Dispatchable Demand. Such bids shall be included in the Bid Stack as incs, and treated as such for all purposes under this Tariff. Scheduling Coordinators also may include as part of their decs, bids to increase the amount of energy consumed by Dispatchable Demand. Such bids shall be included in the Bid Stack as decs, and treated as such for all purposes under this Tariff.

9.2.3 Each Scheduling Coordinator shall follow the Transmission Provider dispatch instructions with respect to redispatch for congestion management purposes from units bid into the Bid Stack, consistent with Good Utility Practice.

9.3 Day-Ahead Scheduling Process

9.3.1 Two Days Ahead of the Scheduling Day

1500: Publication of forecasted system conditions for the Scheduling Day. Publication of amount of MWs needed to provide Regulation Service for each hour of the Scheduling Day based upon forecasted loads, and allocation to each Scheduling Coordinator.

1500: Posting of the quantities of additional PTRs for the Scheduling Day that will be made available through the daily auction process, posted on the basis of peak and off-peak blocks.

1500 – 1600: The Transmission Provider accepts bids for PTRs in the daily auction.

1615: Notification to winning PTR bidders in the daily auction.

9.3.2 One Day Ahead of the Scheduling Day

0600: Update of forecasted system conditions.

0900: Scheduling Coordinator submittal for each hour of the Scheduling Day of (i) hourly balanced schedules for generation and load, (ii) PTRs the Scheduling Coordinator will use to transact such balanced schedules, (iii) incs and, where applicable, decs for use in congestion management and Balancing Service, (iv) plans to self-supply Ancillary Services; (v) when markets for such services are in effect under Sections 5 and 6 hereof, bids to provide Regulation Service and operating reserves; (vi) bids for NPTRs, (vii) schedules for Point-to-Point and Network Integration Transmission Services that will be utilized to support the Scheduling Coordinator's balanced schedule, and (viii) bids for Next-Day Buy Through Service. The Scheduling Coordinator may submit schedules that assume the NPTRs, RTRs, and Next-Day Buy Through Service will be granted.

0915: The Transmission Provider will develop an initial Bid Stack. The Transmission Provider shall begin to notify Scheduling Coordinators whether their bids for NPTRs and Next-Day Buy Through Service likely are to be accepted. The Transmission Provider shall update these notifications as conditions warrant throughout the scheduling process. A Scheduling Coordinator may withdraw its bid for NPTRs or Next-Day Buy Through Service at any time if the Transmission Provider notifies the Scheduling Coordinator that its bid is not likely to be accepted.

0930: The Transmission Provider shall conduct an auction of unscheduled PTRs. Unscheduled PTRs shall be auctioned for each hour of the Scheduling Day as RTRs, in accordance with the procedures of Section 3.3.5. The Transmission Provider also shall determine the amount of Regulation Service and operating reserves to be procured.

1000: The Transmission Provider shall notify winning bidders of RTRs.

1030: Winning bidders for RTRs may adjust their bids for NPTRs.

1100: When markets for such services are in effect under Sections 5 and 6 hereof, the Transmission Provider shall determine the bids for Regulation Service and operating reserves that are accepted, notify the winning bidders, and establish the capacity clearing price for such services.

1300: When markets for such services are in effect under Sections 5 and 6 hereof, the Transmission Provider shall develop a new Bid Stack of incs and decs. Incs and decs associated with capacity selected to provide operating reserves and Regulation Service shall not be included in the new Bid Stack. However, in the event of a contingency, the energy component of operating reserves will be activated and the incs and decs for such energy will be placed in the Bid Stack.

9.4 Schedule Adjustment Process

9.4.1 The Schedule Adjustment Process commences immediately upon completion of the Day-Ahead Scheduling Process. The Schedule Adjustment Process is an ongoing, continuous process, within which the Transmission Provider shall process all Scheduling Coordinators' requests for schedule changes as they are received by the Transmission Provider, on a first-come, first-served basis.

9.4.2 A Scheduling Coordinator may not recall PTRs auctioned pursuant to Section 3.5 later than 120 minutes prior to the applicable hour. The Transmission Provider shall notify the applicable RTR holder as soon as reasonably practicable after an RTR is recalled by the original holder.

9.4.3 The Transmission Provider shall accept schedule changes submitted by a Scheduling Coordinator up to 30 minutes prior to the start of the applicable hour, provided all other requirements of this Attachment P are satisfied. Notwithstanding the foregoing, when there would be insufficient time for a Scheduling Coordinator to reasonably respond to unplanned outages of generating units or transmission facilities, the Transmission Provider may waive the deadline for submitting schedule changes in response to such outages or changes.

9.4.4 Once the Transmission Provider no longer accepts schedule changes for an hour (except as provided in Section 9.4.3, 30 minutes prior to the applicable hour), the Transmission Provider shall notify Scheduling Coordinators whether their bids for NPTRs for the hour are accepted. The Transmission Provider also shall notify Scheduling Coordinators whether their bids for Next-Day Buy Through Service for the hour are accepted.

9.4.4.1 Scheduling Coordinators whose bids for NPTRs or Next-Day Buy Through Service were not accepted shall either (a) resubmit schedules that are supported by any necessary PTRs and/or RTRs and transmission rights on non-Flowgate facilities or (b) if such service can be made available, agree to pay the additional redispatch associated

with obtaining the necessary NPTRs or Next-Day Buy Through Service at that time.

9.4.5 During the Schedule Adjustment Process RTRs available across a Flowgate shall remain available on a first-come, first-served basis at the clearing price established in the Day-Ahead Scheduling Process for the applicable hour. Such RTRs shall be deemed recalled prior to the recall of any RTRs purchased in the Day-Ahead Scheduling Process.

[SECTION 9.4.6 IS NOT CURRENTLY IN EFFECT.

9.4.6 A Scheduling Coordinator may re-designate the generating resources scheduled in the Day-Ahead Scheduling Process to provide Regulation Service or operating reserves, provided that such re-designation does not adversely affect the Scheduling Coordinator's ability to provide the previously scheduled service, such re-designation shall not increase any market clearing price under this Attachment P, and the Scheduling Coordinator will be responsible for any costs incurred by the Transmission provider in connection with such change.]

9.4.7 A Scheduling Coordinator's request to change any portion of its Schedules shall be approved by the Transmission Provider provided that:

9.4.7.1 there is sufficient time for the Transmission Provider to evaluate the impacts of the proposed schedule change;

9.4.7.2 the Scheduling Coordinator has all necessary transmission rights, including PTRs, RTRs, and NPTRs;

9.4.7.3 the request is consistent with the Scheduling Coordinator's commitments in the Day-Ahead Scheduling Process for self-provided Ancillary Services and commitments to provide Regulation Service and operating reserves;

9.4.7.4 the resulting schedule is a balanced schedule; and

9.4.7.5 the resulting schedule does not cause congestion on non-Flowgate facilities.

[SECTION 9.4.8 IS NOT CURRENTLY IN EFFECT.

9.4.8 Except as provided in Section 9.4., acceptance by the Transmission Provider of changes during the Schedule Adjustment Process shall not affect the Scheduling Coordinator's obligations incurred in the Day-Ahead Scheduling Process under this Attachment P.]

9.5 Validation

9.5.1 The Transmission Provider shall perform validation of each Scheduling Coordinator's data at every stage of the Day-Ahead Scheduling Process and Schedule Adjustment Process. The Transmission Provider shall immediately notify each Scheduling Coordinator of successful validation and of any errors detected by the Transmission Provider.

9.5.2 The Transmission Provider shall make copies of the Transmission Provider's validation rules and software available to the Scheduling Coordinators to enable Scheduling Coordinators to pre-validate their data.

9.6 Scheduling Coordinator Right to Adjust Schedules During Real-Time Operations

A Scheduling Coordinator may amend its generation schedule and/or its schedule with External Control Areas, in response to the partial or total loss of a scheduled generating resource (including due to a loss of a transmission line that isolates the generating resource) equal to the lower of 50 MW or 25 percent of the resource, as soon as reasonably practicable and consistent with the Transmission Provider's reliability requirements, provided that this provision does not permit a Scheduling Coordinator to amend its balanced schedule due to forecasting error. In the event that the amended schedule is related to a bilateral transaction with another Scheduling Coordinator, the Scheduling Coordinators may submit an inter-Scheduling Coordinator trade for the relevant Settlement Periods so that the transaction is properly accounted for in the settlements process.

The parties to such a transaction must specify the MW quantity and location of settlement obligation that is to be transferred from one Scheduling Coordinator to the other. The Transmission Provider shall accept such inter-Scheduling Coordinator trade amendments up to two days following the actual day and shall use the amended schedule in its settlements process.

9.7 Temporary Deviations from Scheduling Procedures

9.7.1 If the Transmission Provider is unable to comply with any of the deadlines specified in this Attachment P, the Transmission Provider may temporarily deviate from the requirements of this Attachment to the extent necessary to ensure the secure operation of the Transmission System. Temporary measures may include variation of the timing requirements specified in this Attachment or omission of one or more procedures in the scheduling process. In such an event, the Transmission Provider shall immediately notify all Scheduling Coordinators of the following:

9.7.1.1 details of the affected timing requirements and procedures;

9.7.1.2 details of any interim requirements;

9.7.1.3 an estimate of the period for which the interim requirements will apply; and

9.7.1.4 reasons for the temporary variation.

9.7.2 If, despite the variation of any time requirement or the omission of any step, the Transmission Provider is unable to operate the Day-Ahead Scheduling Process, the Transmission Provider may abort the Day-Ahead Scheduling Process and require all schedules to be submitted in the Schedule Adjustment Process.

9.8 Mismatches between the PTR quantities a Scheduling Coordinator schedules across a Flowgate in the Day-Ahead Scheduling Process and the PTR quantities identified in the final balanced schedule of the Scheduling Coordinator across that Flowgate after the Schedule Adjustment Process is complete shall be reported to the Market Monitor.

10 In the event a resource that has been accepted to provide service under this Attachment P becomes unavailable, the Scheduling Coordinator responsible for such resource shall immediately notify the Transmission Provider of such unavailability. The Scheduling Coordinator must replace the resource within 60 minutes of providing such notification. In the event the Scheduling Coordinator does not replace the resource, the Transmission Provider shall replace the resource, and shall charge the Scheduling Coordinator all increased costs associated with obtaining such alternate resource.

11 Management of Congestion Prior to Real-Time Operations

11.1 Congestion on Flowgates

11.1.1 If congestion occurs prior to Real Time, such that all PTRs and RTRs cannot be accommodated, the Transmission Provider shall notify all affected Scheduling Coordinators of a pending reduction to their PTRs or RTRs. Scheduling Coordinators may resubmit schedules to reflect the pending reduction if time permits.

11.1.2 If congestion still exists after Scheduling Coordinators have made any adjustments to their schedules, the Transmission Provider shall call on incs and decs to provide necessary redispatch to accommodate PTRs and RTRs.

11.1.3 If congestion still exists after all possible redispatch has been performed, PTRs and RTRs shall be reduced on a pro rata basis.

11.1.4 The cost of redispatch to accommodate PTRs and RTRs incurred in a Settlement Period shall be equal to the net cost of redispatch scheduled by the Transmission Provider for the Settlement Period pursuant to Section 11.1.2. This redispatch cost shall be allocated to all firm MWh of transmission service during that Settlement Period on the Transmission System.

11.2 Congestion on Non-Flowgate Facilities

11.2.1 If congestion occurs on non-Flowgate facilities prior to Real Time, non-firm transmission service under Part II or Part III of the Tariff

shall be denied in accordance with the provisions of the Tariff.

11.2.2 If congestion still exists after non-firm transmission service under Part II or Part III of the Tariff has been denied, the Transmission Provider shall call on incs and decs to provide necessary redispatch to accommodate firm transmission service under Part II or Part III of the Tariff.

11.2.3 If congestion still exists after all possible redispatch has been performed, firm transmission service under Part II or Part III of the Tariff shall be denied in accordance with the provisions of the Tariff.

11.2.4 The cost of redispatch to accommodate firm service incurred in a Settlement Period hour shall be equal to the net cost of redispatch scheduled by the Transmission Provider for the Settlement Period pursuant to Section 11.2.2. This redispatch cost shall be allocated to all firm MWh of transmission service during that Settlement Period in the Settlement Zone in which the redispatch occurred.

12 Real-Time Management of Congestion

12.1 Congestion on Flowgates

12.1.1 If during Real Time, the Transmission Provider determines that all PTRs, RTRs, and NPTRs across a Flowgate cannot be accommodated, the Transmission Provider shall call on incs and decs to provide necessary redispatch to accommodate PTRs, RTRs, and NPTRs on a least-cost basis.

12.1.2 If congestion still exists after all possible redispatch has been performed, NPTRs shall be curtailed. Scheduling Coordinators that provided the lowest bids for NPTRs across the constrained Flowgate during the Day-Ahead Scheduling Process shall have their NPTRs curtailed first. In the event of a tie, NPTRs shall be curtailed on a pro rata basis.

12.1.3 If congestion still exists after all NPTRs have been curtailed, PTRs and RTRs shall be reduced on a pro rata basis.

12.1.4 The cost of redispatch to accommodate PTRs, RTRs, and NPTRs incurred in a Settlement Period shall be equal to the net cost of redispatch scheduled by the Transmission Provider for the Settlement Period pursuant to Section 12.1.1. This redispatch cost shall be allocated to all firm MWh of transmission service during that Settlement Period on the Transmission System.

12.2 Congestion on Non-Flowgate Facilities

12.2.1 If during Real Time the Transmission Provider determines that all reservations across a non-Flowgate facility cannot be accommodated, the Transmission Provider shall first curtail non-firm transmission service under Part II or Part III of the Tariff consistent with the TLR procedures filed by NERC in Docket No. EL99-52-000, which are incorporated by reference herein.

12.2.2 If congestion still exists after all non-firm transmission service under Part II or Part III of the Tariff has been curtailed, the Transmission Provider shall call on incs and decs to provide necessary redispatch to accommodate firm transmission service and Next-Day Buy Through Service on a least-cost basis.

12.2.3 If congestion still exists after all possible redispatch has been performed, Next-Day Buy Through Service shall be curtailed. Scheduling Coordinators that provided the lowest bids for Next-Day Buy Through Service across the constrained non-Flowgate facilities during the Day-Ahead Scheduling Process shall have their Next-Day Buy Through Service curtailed first. In the event of a tie, Next-Day Buy Through Service shall be curtailed on a pro rata basis.

12.2.4 If congestion still exists after all possible redispatch has been performed and Next-Day Buy Through Service has been curtailed, firm transmission service under Part II or Part III of the Tariff shall be curtailed consistent with the TLR procedures.

12.2.5 The cost of redispatch under Section 12.2.2 during a Settlement Period shall be equal to the net cost of redispatch scheduled by the

Transmission Provider for the Settlement Period pursuant to that Section. This redispatch cost shall be allocated to all firm MWh of transmission service during that Settlement Period in the Settlement Zone in which the redispatch occurred.

13 Energy Payments

13.1 For each Settlement Zone and each Settlement Period, a Scheduling Coordinator's Excess Consumption shall equal the number of MWh equal to the positive difference, if any, between (a) the amount of the Scheduling Coordinator's load in the Settlement Zone plus the amount of the Scheduling Coordinator's scheduled interchange to External Control Areas from the Settlement Zone and (b) the amount of generation delivered by the Scheduling Coordinator in or to the Settlement Zone. For each Settlement Zone and each Settlement Period, a Scheduling Coordinator's Excess Generation shall equal the number of MWh equal to the positive difference, if any, between (c) the amount of generation delivered by the Scheduling Coordinator in or to the Settlement Zone and (d) the amount of the Scheduling Coordinator's load in the Settlement Zone plus the amount of the Scheduling Coordinator's scheduled interchange to External Control Areas from the Settlement Zone.

13.2 Charges for Excess Consumption

13.2.1 A Scheduling Coordinator with Excess Consumption in a Settlement Zone during a Settlement Period shall pay the Settlement Period Energy Clearing Price of the Settlement Zone for each excess MWh of Excess Consumption in that Settlement Zone during that Settlement Period.

13.2.2 The Settlement Period Energy Clearing Price of a Settlement Zone shall equal (A-B)/C, where,

A = the payments to Scheduling Coordinators under Section 13.3 or Section 13.4 as applicable, during the Settlement Period in the Settlement Zone, adjusted for transfers to other Settlement Zones;

B = total payments received by the Transmission Provider under Section 12.2.5 during the Settlement Period for the Settlement

Zone; and

C = the total number of MWh of Excess Consumption during the Settlement Period in the Settlement Zone.

13.2.2.1 The Settlement Period Energy Clearing Price will be calculated such that the cost of congestion within a Settlement Zone is paid by Scheduling Coordinators with load in that Settlement Zone.

13.2.3 A Scheduling Coordinator's load deviation for an hour shall equal the difference between (a) the actual amount during the hour of the Scheduling Coordinator's load plus the actual amount of the Scheduling Coordinator's interchange with External Control Areas and (b) the scheduled amount of load plus the scheduled amount of the Scheduling Coordinator's interchange with External Control Areas.

13.2.3.1 A Scheduling Coordinator with a positive load deviation for an hour that exceeds the greater of (a) two percent of the amount scheduled as calculated under Section 13.2.3(b) or (b) two MW, shall pay, in addition to the amount calculated under Section 13.2.1, a load deviation charge equal to (c) 10 percent of the average Settlement Period Energy Clearing Price for the applicable Settlement Zone for the hour times (d) the number of MWs of the load deviation in the Settlement Zone.

13.2.3.2 A Scheduling Coordinator with a positive load deviation for an hour that exceeds the greater of (a) three percent of the amount scheduled as calculated under Section 13.2.3(b) or (b) three MW, shall pay, in addition to the amount calculated under Section 13.2.1, a load deviation charge equal to (c) 25 percent of the average Settlement Period Energy Clearing Price for the applicable Settlement Zone for the hour times (d) the number of MWs of the load deviation in the Settlement Zone. Such

Scheduling Coordinator shall not also be subject to a charge under Section 13.2.3.1.

13.2.3.3 At such time that the Transmission Provider determines that there is an appropriate market index for electricity in the Market Region, the Transmission Provider shall seek to utilize such index for purposes of calculating the load deviation charge.

13.2.4 All revenues received by the Transmission Provider from the assessment of load deviation charges shall be credited to Scheduling Coordinators with load during the hour that were not assessed a load deviation charge during that hour. The Transmission Provider shall develop a crediting mechanism for this purpose.

13.3 Payments for Excess Generation **[Alternative A]**

13.3.1 Payments to a Scheduling Coordinator for Excess Generation during a Settlement Period provided under a cost-based schedule or cost-based tariff shall be in accordance with this Section 13.3.1.

13.3.1.1 The Transmission Provider shall pay the Scheduling Coordinator for each MWh of Excess Generation during a Settlement Period the lower of (a) the Nodal Price at the applicable generator bus during the Settlement Period or (b) the Scheduling Coordinator's cost-based rate cap associated with that MWh of Excess Generation.

13.3.1.2 A Scheduling Coordinator that is bidding energy under cost-based schedules or tariffs shall notify the Transmission Provider that its bid is pursuant to such a schedule or tariff, and the cost-based rate cap associated with such bid.

13.3.2 The Transmission Provider shall pay the Scheduling Coordinator

the Nodal Price for each MWh of Excess Generation that is not provided under a cost-based schedule or cost-based tariff.

13.3.3 The Nodal Price is the cost to serve the next increment of load at the generator bus at the lowest possible price consistent with the preservation of reliability and transmission system conditions.

13.3.3.1 Excess Generation that was not called-on by the Transmission Provider to provide Balancing Service or for congestion management shall not be eligible to set any Nodal Price.

13.3.4 The Transmission Provider shall develop performance standards applicable to generating units, including with regard to the supply of Ancillary Services, and may seek authority to limit payments to generators that fail to satisfy such performance standards.

13.4 Payments for Excess Generation **[Alternative B]**

13.4.1 Subject to Section 13.4.2, the Transmission Provider shall pay the Scheduling Coordinator for each MWh of Excess Generation the inc bid associated with that MWh of Excess Generation.

13.4.2 For Excess Generation that was not called-on by the Transmission Provider to provide Balancing Service or for congestion management, the Transmission Provider shall pay the Scheduling Coordinator the lower of the payment provided for under Section 13.4.1 or the Nodal Price.

13.4.2.1 The Nodal Price is the cost to serve the next increment of load at the generator bus at the lowest possible price consistent with the preservation of reliability and transmission system conditions.

13.4.2.2 Excess Generation under Section 13.4.2 shall not be eligible to set any Nodal Price.

13.4.3 The Transmission Provider shall develop performance standards applicable to generating units, including with regard to the supply

of Ancillary Services, and may seek authority to limit payments to generators that fail to satisfy such performance standards.

GridFlorida Flowgate Monitored Elements

DESCRIPTION	MONITORED ELEMENT
SOUTHERN - GRIDFLORIDA[1] (SOU - GF)	DUVAL 500 8HATCH 500 DUVAL 500 8THALMAN 500 YULEE 230 6KINGSLN 230 SUB 20 230 6S BAINB 230 P ST JOE 230 6CALLAWA 230 SUWANEE 230 6STERLIN 230 SUWAN PL 115 3TWINLKS 115 JASPER 115 3TARVER3 115 WOODRUFF 115 3SCHOLZ2 115 JASPER 115 3WGHTCHP 115
CENTRAL - SOUTH (CNT - SO)	B BEND 230 MANATEE 230 RUSKIN T 230 MANATEE 230 RUSKMTR8 230 BUCKEYE 230
BROOKRIDGE - SOUTH (BKG - SO)	BRKRIDGE 500 LK TARPON 500 BRKRIDGE 230 HUDSN 230 BRKRIDGE 230 BRKSVWTP 230
JEA - GRIDFLORIDA (JEA - GF)	BBRANCH 230 DUVAL 230 NEPTUNE 138 JAX BCH 138 STEELTAP 230 DUVAL 230 SWTZRLND 230 FPL120G1 230 FIRESTNE 230 BLK CK. 230
CRYSTAL RIVER - SOUTH (CRY - SO)	CRYST RV 500 BRKRIDGE 500 CR PLANT 230 CRYST E 230 CR PLANT 230 BRKRIDGE 230

[1]Does not include Jacksonville(JEA) or Tallahassee(TAL) share of the Southern-Florida interface.

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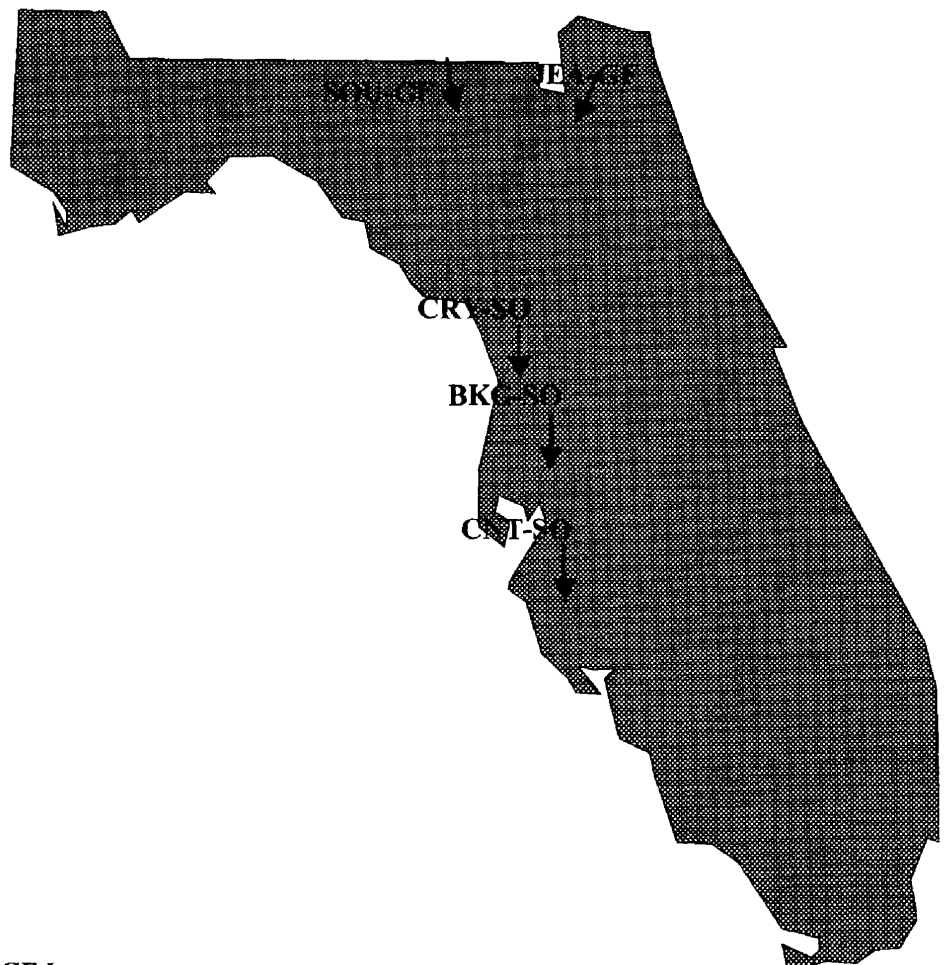
GridFlorida Flowgates



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ATTACHMENT Q - SECTION I

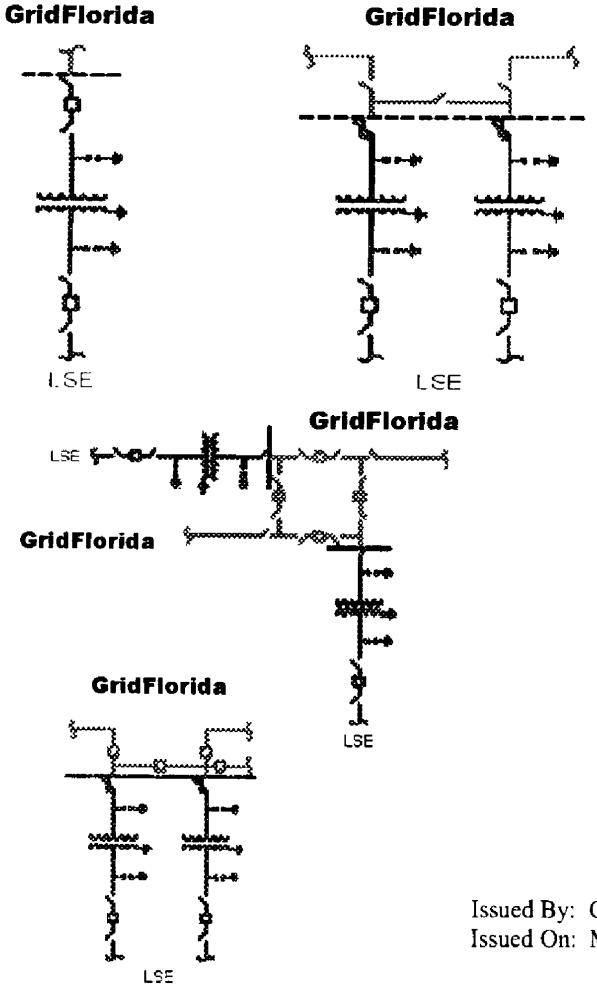
GUIDELINES FOR GRIDFLORIDA, PO and/or the LSE ASSOCIATED WITH THE OWNERSHIP, ACCOUNTING TREATMENT AND OPERATIONAL CONTROL OF POINTS OF DELIVERY ("POD")

4144

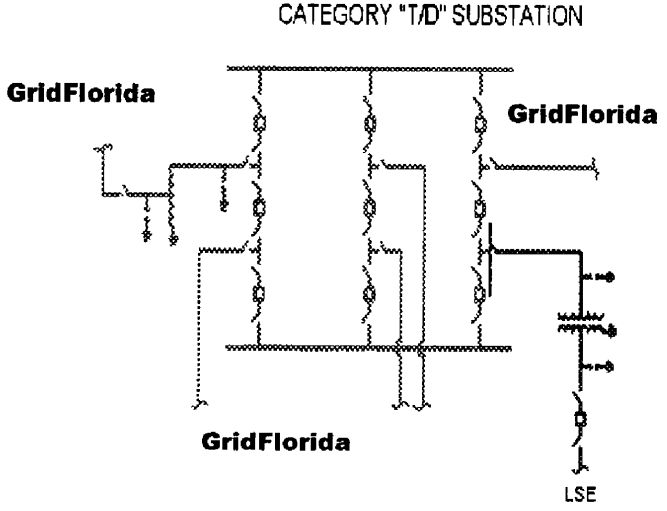
TYPES OF POD SUBSTATIONS

Category D Substation Characteristics	Category T/D Substation Characteristics
Predominantly Distribution POD substation with majority of equipment serving distribution function.	Predominantly Transmission substation with majority of equipment serving transmission function, also has distribution POD

CATEGORY "D" SUBSTATION



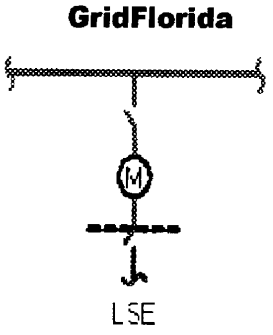
CATEGORY "T/D" SUBSTATION



TYPES OF POD SUBSTATIONS

Category TM Substation Characteristics	
Transmission level metering Point of Delivery. Generally associated with Non-Participating Owners.	

CATEGORY "TM" SUBSTATION



4446

Guidelines for GridFlorida, PO and/or the LSE associated with the ownership, accounting treatment and operational control of equipment at POD Substations.

Transmission voltage level ("T") and Distribution voltage level ("D") Facilities	**Type of POD Substation**	**Ownership / T .vs. D Booking**	**Operational Control**
D voltage level facilities, T-D transformer, and T side of T-D transformer up to and including associated disconnect device	Category D	LSE owns and booked as D	LSE
	Category T/D	LSE owns and booked as D	LSE
	Category TM	N/A	N/A
Dual use T – D facilities and associated maintenance (e.g., control house, RTUs, batteries, land, fencing, station service, gravel, etc.) *(Continued on next page)	Category D	LSE owns dual use T-D facilities: • If GridFlorida owns T facilities, then FLTANSCO charged by LSE a "substation service fee" for use and maintenance of dual use T-D facilities. All service fees charged to the GridFlorida included in GridFlorida Rev. Requirement. • If PO owns T facilities (i.e., T facilities booked to T by PO), then PO allocates distribution dual use cost from LSE for use and maintenance of dual use T-D facilities.	LSE

Guidelines for GridFlorida, PO and/or the LSE associated with the ownership, accounting treatment and operational control of equipment at POD Substations.

Transmission voltage level ("T") and Distribution voltage level ("D") Facilities	**Type of POD Substation**	**Ownership / T .vs. D Booking**	**Operational Control**
	Category T/D	GridFlorida owns dual use T-D facilities and T facilities: • LSE charged by GridFlorida a "substation service fee" for use and maintenance of dual use T-D facilities. Service fee charge to LSE considered a credit to GridFlorida T Rev. Requirement. PO owns dual use T-D facilities and T facilities: • LSE allocated cost from PO for use and maintenance of dual use T-D facilities. Allocated cost to LSE (assuming LSE and PO same entity) considered a credit to PO T Rev. Requirement.	GridFlorida
	Category TM	GridFlorida or PO owns	GridFlorida
Line side facilities connected to T side of T-D transformer disconnect device (e.g., T line switches, buss work, line pull-offs, breakers, capacitor banks, etc.)	Category D	GridFlorida or PO owns	GridFlorida
	Category T/D	GridFlorida or PO owns	GridFlorida
T line metered facilities	Category TM	Non-Participating Owner, GridFlorida or PO owns	GridFlorida

4148

Guidelines for GridFlorida, PO and/or the LSE associated with the ownership, accounting treatment and operational control of equipment at POD Substations.			
Transmission voltage level ("T") and Distribution voltage level ("D") Facilities	**Type of POD Substation**	**Ownership / T .vs. D Booking**	**Operational Control**

ATTACHMENT Q - SECTION II

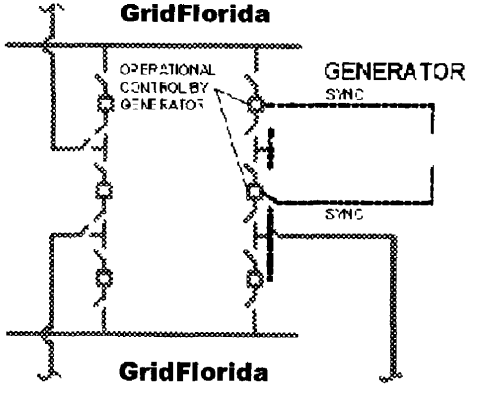
GUIDELINES FOR GRIDFLORIDA, PO and/or GENERATOR ASSOCIATED WITH THE OWNERSHIP, ACCOUNTING TREATMENT AND OPERATIONAL CONTROL OF POINTS OF RECEIPT ("POR")

4150

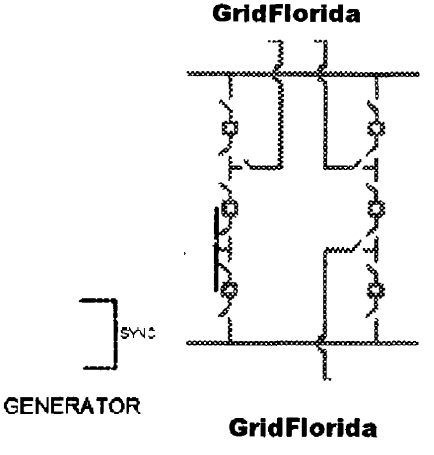
TYPES OF POR SUBSTATIONS

Category GT1 Substation Characteristics	Category GT2 Substation Characteristics	Category GT3 Substation
Point of Receipt. Synchronization of Generator with Transmission level breakers at a Transmission Substation.	Point of Receipt. Synchronization of Generator with breaker on low side of Generator Step-up transformer.	Point of Receipt. Generator collector bus with individual Generator synchronization with low or high side generator breaker(s)

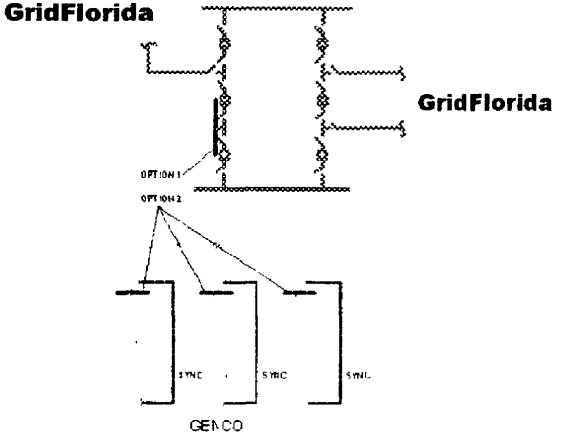
CATEGORY GT1



CATEGORY GT2



CATEGORY GT3



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Guidelines for GRIDFLORIDA, PO and/or the GEN associated with the ownership, accounting treatment and operational control of equipment at POR Substations.			
Transmission voltage level ("T") and Generator Type ("G") Facilities	**Type of POR Substation**	**Ownership / T .vs. G (Production) Accounting Treatment**	**Operational Control**
Facilities from generator up to the Generator Step Up transformer ("GSU"), GSU and Facilities from T side of GSU up to and including associated GSU disconnect device and T side facilities connected to T substation.	Category GT1	GEN owns and booked as G *(Contingent on FERC clarification of accounting treatment associated with GSU related equipment)	GEN
	Category GT2	GEN owns and booked as G *(Contingent on FERC clarification of accounting treatment associated with GSU related equipment)	GEN
	Category GT3	GEN owns and booked as G *(Contingent on FERC clarification of accounting treatment associated with GSU related equipment)	GEN

4152

Guidelines for GRIDFLORIDA, PO and/or the GEN associated with the ownership, accounting treatment and operational control of equipment at POR Substations.

Transmission voltage level ("T") and Generator Type ("G") Facilities	Type of POR Substation	Ownership / T .vs. G (Production) Accounting Treatment	Operational Control
Dual use G – T facilities and associated maintenance (e.g., control house, RTUs, batteries, land, fencing, station service, gravel, etc. *(Continued on next two pages)	Category GT1	• GridFlorida owns and booked as T. GEN charged by GridFlorida a "substation service fee" for use and maintenance of dual use G-T facilities. Service fee charge to GEN considered a credit to GridFlorida T Rev. Requirement. • PO owns and booked as T. If GEN and PO are the same entity, GEN allocated cost from T for use and maintenance of dual use G-T facilities. Allocated T cost to GEN considered a credit to PO T Rev. Requirement. • PO owns and booked as T. GEN and PO are not the same entity. GEN charged by PO a "substation service fee" for use and maintenance of dual use G-T facilities. Service fee charge to GEN considered a credit to PO T Rev. Requirement.	GridFlorida or PO, as applicable (Note: Service Level Agreements delineating interface and specific responsibilities among GridFlorida, PO and GEN must be developed).

Guidelines for GRIDFLORIDA, PO and/or the GEN associated with the ownership, accounting treatment and operational control of equipment at POR Substations.

Transmission voltage level ("T") and Generator Type ("G") Facilities	Type of POR Substation	Ownership / T .vs. G (Production) Accounting Treatment	Operational Control
	Category GT2	• GridFlorida owns and booked as T. GEN charged by GridFlorida a "substation service fee" for use and maintenance of dual use G-T facilities. Service fee charge to GEN considered a credit to GridFlorida T Rev. Requirement. • PO owns and booked as T. If GEN and PO are the same entity, GEN allocated cost from T for use and maintenance of dual use G-T facilities. Allocated T cost to GEN considered a credit to PO T Rev. Requirement. • PO owns and booked as T. GEN and PO are not the same entity. GEN charged by PO a "substation service fee" for use and maintenance of dual use G-T facilities. Service fee charge to GEN considered a credit to PO T Rev. Requirement.	GridFlorida or PO, as applicable (Note: Service Level Agreements delineating interface and specific responsibilities among GridFlorida, PO and GEN must be developed).

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Guidelines for GRIDFLORIDA, PO and/or the GEN associated with the ownership, accounting treatment and operational control of equipment at POR Substations.

Transmission voltage level ("T") and Generator Type ("G") Facilities	Type of POR Substation	Ownership / T .vs. G (Production) Accounting Treatment	Operational Control
	Category GT3	• GridFlorida owns and booked as T. GEN charged by GridFlorida a "substation service fee" for use and maintenance of dual use G-T facilities. Service fee charge to GEN considered a credit to GridFlorida T Rev. Requirement. • PO owns and booked as T. If GEN and PO are the same entity, GEN allocated cost from T for use and maintenance of dual use G-T facilities. Allocated T cost to GEN considered a credit to PO T Rev. Requirement. • PO owns and booked as T. GEN and PO are not the same entity. GEN charged by PO a "substation service fee" for use and maintenance of dual use G-T facilities. Service fee charge to GEN considered a credit to PO T Rev. Requirement.	GridFlorida or PO, as applicable (Note: Service Level Agreements delineating interface and specific responsibilities among GridFlorida, PO and GEN must be developed).

Guidelines for GRIDFLORIDA, PO and/or the GEN associated with the ownership, accounting treatment and operational control of equipment at POR Substations.

Transmission voltage level ("T") and Generator Type ("G") Facilities	**Type of POR Substation**	**Ownership / T .vs. G (Production) Accounting Treatment**	**Operational Control**
T substation facilities connected to T side facilities of GSU disconnect device (e.g., T line switches, buss work, line pull-offs, breakers, capacitor banks, etc.) *(Continued on next page)	Category GT1	GridFlorida or PO, as applicable, and booked to T.	GridFlorida has operational control except for synchronizing breakers. (Note: Service Level Agreements delineating interface and specific responsibilities among GridFlorida, PO and GEN must be developed).
	Category GT2	GridFlorida or PO owns, as applicable, and booked to T	GridFlorida (Note: Service Level Agreements delineating interface and specific responsibilities among GridFlorida, PO and GEN must be developed).

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Issued On: May 29, 2001

Effective: Effective on the Date of GridFlorida Operations

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Guidelines for GRIDFLORIDA, PO and/or the GEN associated with the ownership, accounting treatment and operational control of equipment at POR Substations.

Transmission voltage level ("T") and Generator Type ("G") Facilities	**Type of POR Substation**	**Ownership / T .vs. G (Production) Accounting Treatment**	**Operational Control**
	Category GT3	GridFlorida or PO owns, as applicable, and booked to T	GridFlorida (Note: Service Level Agreements delineating interface and specific responsibilities among GridFlorida, PO and GEN must be developed).

ATTACHMENT Q - SECTION III

GUIDELINES FOR GRIDFLORIDA, PO, LSE and/or GENERATOR ASSOCIATED WITH THE OWNERSHIP, ACCOUNTING TREATMENT AND OPERATIONAL CONTROL OF DUAL POINTS OF DELIVERY ("POD") AND POINTS OF RECEIPT ("POR") SUBSTATIONS

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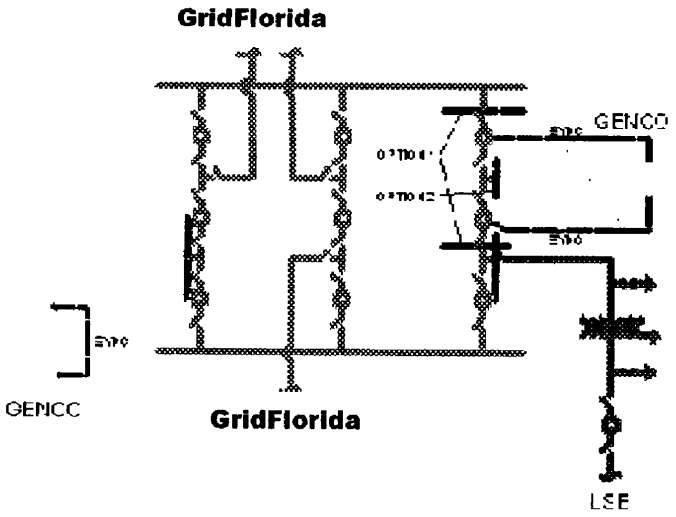
TYPES OF DUAL POD/POR SUBSTATIONS

Category GTD Substation Characteristics	
Point of Delivery and Point of Receipt at the substation.	

Category GTD



Guidelines for GRIDFLORIDA, PO, LSE and/or the GEN associated with the ownership, accounting treatment and operational control of equipment at GTD POD/POR Substations.			
Transmission facilities ("T") And Distribution facilities ("D") And Generator facilities ("G")	**Type of Facility**	**Ownership / Accounting Treatment**	**Operational Control**
Facilities associated with POD that are owned and operated by LSE pursuant to Section I	Category D	Refer to Section 1, Category D discussion (Same applies)	LSE
	Category T/D	Refer to Section 1, Category T/D discussion (Same Applies)	LSE
	Category TM	N/A	N/A
Facilities associated with POD that are owned and operated by GridFlorida or PO pursuant to Section I	Category D	Refer to Section 1, Category D discussion (Same Applies)	GridFlorida
	Category T/D	Refer to Section 1, Category T/D discussion (Same Applies)	GridFlorida
	Category TM	Refer to Section 1, Category TM discussion (Same Applies)	GridFlorida
Facilities associated with POR that are owned and operated by GEN pursuant to Section II	Category GT1	Refer to Section II, Category GT1 discussion (Same Applies)	GEN

*Continued on next page

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Guidelines for GRIDFLORIDA, PO, LSE and/or the GEN associated with the ownership, accounting treatment and operational control of equipment at GTD POD/POR Substations.

Transmission facilities ("T") And Distribution facilities ("D") And Generator facilities ("G")	**Type of Facility**	**Ownership / Accounting Treatment**	**Operational Control**
	Category GT2	Refer to Section II, Category GT2 discussion (Same Applies)	GEN
	Category GT3	Refer to Section II, Category GT3 discussion (Same Applies)	GEN
Facilities associated with POR owned and operated by GridFlorida or PO pursuant to Section II Or Facilities associated with POR owned by GridFlorida or PO, and operated by GEN pursuant to Section II (*Only applicable to GT1 Category)	Category GT1	If POD is a Category D, Refer to Section 1, Category D discussion If POD is a Category T/D, Refer to Section 1, Category T/D discussion	GridFlorida or GEN pursuant to in Section II
	Category GT2	If POD is a Category D, Refer to Section 1, Category D discussion If POD is a Category T/D, Refer to Section 1, Category T/D discussion	GridFlorida
	Category GT3	If POD is a Category D, Refer to Section 1, Category D discussion If POD is a Category T/D, Refer to Section 1, Category T/D discussion	GridFlorida

Guidelines for GRIDFLORIDA, PO, LSE and/or the GEN associated with the ownership, accounting treatment and operational control of equipment at GTD POD/POR Substations.

Transmission facilities ("T") And Distribution facilities ("D") And Generator facilities ("G")	Type of Facility	Ownership / Accounting Treatment	Operational Control
Dual use facilities associated with POD and POR	Category GT1	If POD is a Category D, Refer to Section 1, Category D discussion If POD is a Category T/D, Refer to Section 1, Category T/D discussion	If POD is a Category D, refer to Section 1, Category D discussion If POD is a Category T/D, refer to Section 1, Category T/D discussion
	Category GT2	If POD is a Category D, Refer to Section 1, Category D discussion If POD is a Category T/D, Refer to Section 1, Category T/D discussion	If POD is a Category D, refer to Section 1, Category D discussion If POD is a Category T/D, refer to Section 1, Category T/D discussion
	Category GT3	If POD is a Category D, Refer to Section 1, Category D discussion If POD is a Category T/D, Refer to Section 1, Category T/D discussion	If POD is a Category D, refer to Section 1, Category D discussion If POD is a Category T/D, refer to Section 1, Category T/D discussion

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ATTACHMENT R

Terms and Conditions of Service
Applicable to Points of Delivery

To the extent that there are any disputes between GridFlorida, PO and Customer involving Point of Delivery matters, including disputes concerning GridFlorida standards and practices, and whether the affected facilities are appropriate or necessary under the circumstances, such disputes shall be subject to the Dispute Resolution Provision ("DRP") of the OATT.

1. SERVICE SUPPLIED TO DELIVERY POINTS

a. GridFlorida and/or PO will deliver power pursuant to the GridFlorida OATT to a Customer at a Point of Delivery in the form of three-phase, alternating current at a frequency of approximately 60 Hertz, and at the nominal voltage indicated on an Exhibit for each such Point of Delivery.

b. GridFlorida shall operate the GridFlorida System and the Customer shall operate its respective systems in accordance with Good Utility Practice, so as to maintain voltage levels at the Point of Delivery within acceptable ranges.

c. The Point of Delivery shall not be electrically connected with any other source of electricity without written notice to GridFlorida and/or PO, as applicable, and prior agreement with GridFlorida and/or PO, as applicable, on such measures or conditions, if any, as may reasonably be required for the metering, telemetry, protection, operation and reliability of both systems.

d. The GridFlorida Systems can, under some circumstances, be subject to voltage instability and collapse. An essential element in the reliability of the GridFlorida System is the installation of power factor correction devices (e.g., capacitor banks) that compensate for the reactive power demands at PODs (i.e., point where power exits the GridFlorida System). PODs should be designed and operated so that the power factor at such PODs, measured at the point where power exits the GridFlorida System, is between 95% lagging and 99% leading during summer peak load conditions. Further, in order to avoid transmission system over voltages, POD power factor correction devices should be controllable so that the power factor measured at the POD (i.e., point where power exits the GridFlorida System) is unity or lagging during spring or valley load conditions. POD connections to the GridFlorida System shall meet the

power factor requirements listed above. In order to assess power factor, the POD real (kW) and reactive demands (kVar) shall be recorded at the time of the GridFlorida System summer peak load (June, July, or August) and at the minimum spring load (March, April, or May). For compliance assessment purposes, the LSE can aggregate PODs that are in close electrical/geographical proximity (by summing kW and kVar values). Should an LSE occasionally experiences unusually high loads outside of the summer period (e.g. 7 a.m. peak loads associated with winter cold fronts), the LSE should cooperate to the extent feasible with requests from the GridFlorida System Operator to help support system voltage.

e. GridFlorida and the PO, as applicable, shall have access, as necessary, to Customer's Point of Delivery facilities in order to inspect Customer's protective devices installed for the purpose of protecting GridFlorida System against adverse conditions or disturbances originating on Customer's Point of Delivery facilities.

2. CHANGES IN EXISTING DELIVERY POINT VOLTAGE DUE TO GRIDFLORIDA

a. GridFlorida will provide service at the voltages specified for each Point of Delivery in an Exhibit, unless GridFlorida notifies Customer that the voltage will be changed to a specified higher or lower voltage. GridFlorida shall provide Customer with as much advance notice as reasonably practicable in the event of a change in voltage.

3. CHANGES IN EXISTING DELIVERY POINT VOLTAGE DUE TO CUSTOMER

a. To the extent that a change in transmission level voltage is caused or requested by Customer as part of the Local Area Planning Process (Section I.B of the Planning Process Protocol), Customer will design, engineer, install, construct or modify, operate, and maintain the facilities on its side of the Point of Delivery to accommodate such higher or lower voltage.

4. ESTABLISHMENT OF NEW DELIVERY POINTS

a. To establish a new Point of Delivery, in accordance with the Local Area Planning Process (Section I.B of the Planning Process Protocol), Customer must execute a new Exhibit with GridFlorida and/or PO, as applicable, for the new Point of Delivery prior to the date upon which the new Point of Delivery is to be established. The Exhibit for such new Point of Delivery shall be attached to the TSA and shall include any special provisions required for the establishment of the new Point of Delivery. New Point(s) of Delivery shall be established in accordance with the OATT and the Planning Protocol.

b. Customer is responsible for all facility rearrangements on Customer's side of the new

Point of Delivery that are required for the establishment of the new Point of Delivery.

5. DELIVERY POINTS AND OTHER FACILITIES

a. The service specifications for each Point of Delivery shall be as prescribed in an Exhibit attached to the TSA. Further, an Exhibit between the parties shall set forth appropriate provisions, if required, concerning the installation and maintenance of each Point of Delivery.

b. Unless otherwise specified in an Exhibit to a specific Point of Delivery, all facilities on Customer's side of a Point of Delivery shall be considered the system of Customer, shall be paid for by Customer, and Customer is responsible with respect to its side of the Point of Delivery:

(i) for the installation, operation and maintenance of all necessary poles, lines, substations, transformers, switches, protective equipment, and other equipment necessary for any existing Point of Delivery; and

(ii) for all facilities rearrangements required for any existing Point of Delivery.

c. Metering and remote terminal unit equipment located on Customer's side of the Point of Delivery that is owned by the GridFlorida or the PO, will be installed, and maintained by GridFlorida or the PO, respectively.

d. GridFlorida shall have the right to request that the Customer (or with the agreement of the Customer that GridFlorida) install and/or maintain such other facilities on Customer's side of a Point of Delivery as necessary for system reliability consistent with Good Utility Practice. To the extent the Parties disagree on the need for or type of such facilities, the DRP may be invoked to resolve the disagreement; provided, however, if safety or the reliability of GridFlorida's Transmission System is imminently threatened, GridFlorida shall have the right to have the Customer install and/or maintain such facilities prior to such dispute being resolved. GridFlorida may invoke that right only after sending written documentation to the Customer explaining in detail the safety or reliability concerns substantiating the claim of an imminent threat to the safety or reliability of GridFlorida's Transmission System. Subsequently, the parties shall request the resolution of the disagreement through DRP.

e. Each Party (i.e., GridFlorida, PO and Customer) shall install and maintain suitable protective devices on its facilities in order to afford protection to the facilities of the other Party against adverse conditions or disturbances originating on such other Party's facilities. Such protective devices shall be in accordance and comparable with the applicable GridFlorida standards relating to such similarly situated equipment and consistent with Good Utility

Practice.

f. GridFlorida, PO and Customer shall not utilize or knowingly allow to be utilized any equipment, appliance or device which tends to materially adversely affect the system of the other. Each Party shall maintain a electrical balance between the phases at each Point of Delivery in accordance with Good Utility Practice.

g. GridFlorida or PO, as applicable, shall install, own, operate, and maintain all lines and equipment located on GridFlorida's or PO's side of a Point of Delivery, as well as the meter, metering equipment and remote terminal unit equipment that may, at GridFlorida's or PO's option, as applicable, be located on Customer's side of the Point of Delivery. In such cases, Customer shall provide a location, acceptable to Customer, GridFlorida or PO, for the installation of such metering and remote terminal unit equipment.

6. ACCESS TO DELIVERY POINTS

a. To the extent that GridFlorida or the PO, as applicable, has installed or needs to install equipment on Customer's side of the Point of Delivery pursuant to the TSA, the duly authorized agents of GridFlorida or the PO, as applicable, upon providing notice, shall have the right to access the premises of Customer at all reasonable hours for the purpose of installing equipment, metering information, inspecting GridFlorida's or the PO's, as applicable, wiring and apparatus, or replacing GridFlorida's or the PO's, as applicable, property on the premises of Customer, and removing such property at the time of or at any time after suspension or termination of service under the TSA.

b. To the extent that Customer has installed or needs to install equipment or facilities on GridFlorida's or the PO's, as applicable, side of the Point of Delivery pursuant to the TSA, the duly authorized agents of Customer, upon providing notice, shall have the right of access to the premises of GridFlorida or the PO, as applicable, at all reasonable hours for the purpose of installing facilities, inspecting Customer's wiring and apparatus, changing, exchanging, or repairing Customer's property on the premises of GridFlorida or the PO, as applicable, and removing such property at the time of or at any time after suspension or termination of service under the TSA.

c. GridFlorida or the PO, as applicable, shall protect Customer's facilities and equipment located on GridFlorida's Transmission System and shall permit no one but Customer's, and GridFlorida's or the PO, as applicable, qualified representatives to handle same. Customer shall protect GridFlorida's or the PO's, as applicable, equipment located on Customer's system and shall permit no one but GridFlorida's or PO's, as applicable, and Customer's qualified

representatives to handle same.

ATTACHMENT S

Generator Data Requirements

It is recognized that some of the data listed in this Appendix may not be available prior to the start of an Interconnection Feasibility Study. Some of the data items are critical inputs to these studies and must be provided prior to the commencement of the Interconnection Feasibility Study.

Critical Data Items: A) all
B) 1, 2, 7 & 8
D) 1, 2, 3 & 7
E) all
G) 1, 2, 3 & 4
H) 1-4; 6-9; 11-16; 18-19
I) 1 , 2 & 4
J) 1 & 3
K) all
L) 4 through 11

To the extent possible, all of the data listed in this Appendix should be provided as soon as it becomes available. All data items must be provided at least sixty (60) calendar days prior to commercial operation of the facility. Transmission Provider may require additional data to complete the Interconnection Feasibility Study depending upon special study circumstances. Inaccuracies in some of the critical data items can influence study results to the extent that study conclusions are invalidated. Transmission Provider reserves the right to require reapplication for the Interconnection Study in the event of material data inaccuracies.

A) **Contact Person** - Provide name and address of person completing this form

1. Name: _____
2. Address: _____
3. City/State/Zip: _____
4. Telephone: _____
5. Date: _____

B) Project Location

1. County _____
2. Nearest Community _____
3. Township _____
4. Range _____
5. Section _____
6. Street Address _____
7. Project Location Map Please attach a geographic map of project location indicating surrounding area and significant landmarkings (e.g., nearby towns/cities, roads, nearby building structures, waterways, etc.)
8. Planned In Service Date _____

C) Unit Identification

1. Plant Name and unit Number _____
2. Manufacturer _____
3. Generator Serial Number _____
4. Turbine Serial Number _____

D) Ratings and Capabilities

1. Total Plant Capability
   a.. Net Summer Continuous Capability _____ MW
   b. Net Winter Continuous Capability _____ MW
2. Number of Individual Generators _____
3. Nameplate kV Rating (nominal design voltage) _____

4. Generator Nameplate MVA Rating

	MVA Rating	@ Hydrogen Pressure
a.	_____	_____
b.	_____	_____
c.	_____	_____
d.	_____	_____

5. Rated Power Factor _____

6. Rated Speed _____

7. Rated Turbine Capability
   a) maximum _____
   b) summer continuous _____
   c) winter continuous _____

8. Field Voltage at Rated Load _____

9. Field Current at Rated Load _____

10. No-load Field Voltage at Generator Rated Voltage _____

11. Air Gap Field Voltage at Generator Rated Voltage _____

12. Field Resistance _____ hms _____ °C

E) Inertia

1. WR^2 for Generator and Exciter _____ lb-ft^2
2. WR^2 for Turbine _____ lb-ft^2
3. Calculated H constant _____ sec. @ _____ MVA

F) Losses and Efficiency

1. Open circuit core loss _____ kW
2. Windage loss _____ kW
3. H_2 seal and exciter friction loss _____ kW

4. Stator I^2R Loss at rated power and voltage _____°C _____ kW

5. Rotor I^2R Loss at rated power and voltage _____°C _____ kW

6. Stray Load loss _____ kW

7. Excitation losses _____ kW

G) Generator Time Constants

1. T'do (Direct axis open circuit transient time constant) _____ sec

2. T"do (Direct axis open circuit subtransient time constant) _____ sec

3. T'qo (Quadrature axis open circuit transient time constant) _____ sec

4. T"qo (Quadrature axis open circuit subtransient time constant) _____ sec

5. Ta3 (Short circuit time constant) _____ sec

H) Generator Impedances

1. MVA base for all impedance data _____ MVA

2. kV base for all impedance data _____ kV

	Parameter	Description	p.u. value
3.	Xd	Direct axis synchronous reactance (unsaturated)	_____
4.	X'd	Direct axis transient reactance (unsaturated)	_____
5.	X'dv	Direct axis transient reactance (saturated)	_____
6.	X"d	Direct axis subtransient reactance (unsaturated)	_____
7.	X"dv	Direct axis subtransient reactance (saturated)	_____
8.	Xq	Quadrature axis synchronous reactance (unsaturated)	_____
9.	X'q	Quadrature axis transient reactance (unsaturated)	_____

10. X"q Quadrature axis subtransient reactance (unsaturated) _____

11. X_L Armature leakage reactance _____

12. X_{2v} Negative sequence reactance (saturated) _____

13. X_{0v} Zero sequence reactance (saturated) _____

14. R_1 Positive sequence armature resistance at 75° C _____

15. R_2 Negative sequence armature resistance at 75° C _____

16. R_0 Zero sequence armature resistance at 75° C _____

17. R_{dc} Direct current armature resistance at 75° C _____

18. Generator neutral grounding resistance _____ ohms

19. Generator neutral grounding reactance _____ ohms

9. Required Characteristic Curves and Diagrams

1. Real and reactive power capability curves

2. Saturation curve, full load and no-load

3. "V" curves

4. One-Line diagram showing generator and substation equipment connections (i.e., switchyard configuration)

5. Relay one-line diagram

10. Excitation System Data

1. Excitation system type _____

2. Voltage regulator model name _____

3. Excitation system model, supply block diagram and model parameters in IEEE[4,5] or PSS/E format

4. Voltage compensation, supply block diagram and settings if used

5. Voltage regulator overexcitation limiters, supply block diagram and model parameters in IEEE[6] format.

6. Power System Stabilizer (if used), supply Power System Stabilizer block diagram and model parameters in IEEE or PSS/E format

K) Turbine Governor Data

1. Model or equipment name for speed/load governor controls _____

2. Speed/Load governor model, supply block diagram and model parameters in IEEE[7,8] or PSS/E format

L) Generator Step-up Transformer Data

1. Manufacturer _____

2. Model Type _____

3. Serial Number _____

4. Rating _____ MVA

5. High voltage winding, nominal voltage _____ kV

6. High voltage winding connection (wye/delta) _____

[4] IEEE Standard 421.5-1992 "IEEE Recommended Practice for Excitation System Models for Power System Stability Studies"
[5] IEEE Digital Excitation Task Force, "Computer Models for Representation of Digital-Based Excitation Systems," IEEE Transactions on Energy Conversion, Vol. 11, No. 3, September 1996
[6] IEEE Committee Report, "Recommended Models for Overexcitation Limiting Devices," IEEE Transactions on Energy Conversion, Vol. 10, No. 4, December 1995
[7] IEEE Committee Report, "Dynamic Models for Steam and Hydro Turbine Control Models for System Dynamic Studies," IEEE transactions on Power Apparatus and Systems, Vol. PAS-92, November, 1973
[8] W.I. Rowen, "simplified Mathematical Representations of Heavy Duty Gas Turbines," Transactions of ASME, Vol.105(1), 1983

7. Low voltage winding, nominal voltage _____ kV

8. Low voltage winding connection (wye/delta) _____

9. Transformer resistance _____ p.u.

10. Transformer reactance _____ p.u.

11. Transformer impedance base values _____ MVA _____ kV

12. Available tap settings

HV taps _____ kV

LV taps _____ kV

13. Expected tap settings

HV taps _____ kV

LV taps _____ kV

M) Start-Up Transformer Data

1. Manufacturer _____

2. Model Type _____

3. Serial Number _____

4. Rating _____ MVA

5. High voltage winding, nominal voltage _____ kV

6. High voltage winding connection (wye/delta) _____

7. Low voltage winding, nominal voltage _____ kV

8. Low voltage winding connection (wye/delta) _____

9. Transformer resistance _____ p.u.

10. Transformer reactance _____ p.u.

11. Transformer impedance base values _____ MVA _____ kV

12. Available tap settings

HV taps _____ kV

LV taps _____ kV

13. Expected tap settings

HV taps _____ kV

LV taps _____ kV

14. Expected Startup Power Demand

_____ MW

_____ MVAR

ATTACHMENT T

Existing Transmission Agreements

1.0 General Description

This Attachment describes the rules applicable to Existing Transmission Agreements. Agreements for transmission service that are not Existing Transmission Agreements shall be procured under this Tariff.

2.0 Scope

This Attachment shall apply to all Existing Transmission Agreements to the extent they relate to interconnection and transmission services, including, but not limited to:

2.1 All existing agreements between a Participating Owner or Divesting Owner (for purposes of this Attachment, a Participant) and another party or itself (whether a Participant or NonParticipant) that govern the allocation of transmission capacity associated with an interface between two or more transmission systems, regardless of whether the interface is later classified as a Flowgate or simply a node on the grid ("Interface Agreements").

2.2 All existing agreements between a Participant and another party or itself (whether a Participant or NonParticipant) that govern the interconnection of facilities, including, but not limited to, interchange agreements between control areas, agreements governing the interconnection of the transmission facilities, and agreements governing the interconnection of transmission and generation facilities ("Interconnection Agreements").

2.3 All existing agreements between a Participant and another party or itself (whether a Participant or NonParticipant) that provide transmission service, including, but not limited to, bundled and unbundled transmission service and pre- and post-Order No. 888 service ("Transmission Service Agreements" or "TSA").

3.0 General Rule

The formation of the Transmission Provider does not require the generic abrogation of ETAs. Parties to such ETAs may, however, exercise whatever FPA Section 205 and 206 rights they may have to convert such agreements to Transmission Provider service or to amend such contracts to facilitate the operation of the Transmission Provider's Transmission System. The Transmission Provider may, pursuant to FPA Section 206, propose an amendment to any non-rate term or condition of an ETA that adversely affects its ability to administer this Tariff or its operation of the grid.

4.0 Rules Applicable to the ETAs of a Divesting Owner

4.1 A Divesting Owner shall assign to the Transmission Provider all Interconnection Agreements and Interface Agreements, provided, however, that any transmission service rights set forth in such agreements (including any PTRs that are allocated to such existing firm rights) shall be retained by the Divesting Owner to enable it to meet its native load and contractual obligations under any of its TSAs.

4.2 A Divesting Owner shall not be required to assign its TSAs to the Transmission Provider, provided, however, that a TSA or any portion thereof may be assigned or transferred to the Transmission Provider by mutual consent of the Divesting Owner and the Transmission Provider. If the TSA is neither assigned to the Transmission Provider nor converted to service under this Tariff, the provisions of Section 7.2 of this Attachment T shall apply.

5.0 Rules Applicable to the ETAs of a PO

5.1 The Transmission Provider shall administer the operational provisions of the Interconnection Agreements or Interface Agreements of a PO. For these purposes, "operational provisions" shall refer to those provisions that govern the operation of the PO's transmission facilities, including the scheduling or use of transmission service. The PO and Transmission Provider shall enter into good faith negotiations prior to the start up of Transmission Provider operations to develop such arrangements as are necessary to provide for the Transmission Provider's administration of the operational provisions of those Agreements.

5.2 A PO shall not be required to assign its TSAs to the Transmission Provider. If a TSA is neither assigned to the Transmission Provider nor converted to service under this Tariff, the provisions of Section 7.2 of this Attachment T shall apply.

6.0 PTRs Assigned to ETAs

Any ETA that conveys firm transmission rights shall be allocated PTRs in accordance with Attachment P of this Tariff. The party to the ETA that is entitled to, and responsible for, the reservation and scheduling of transmission service under the ETA shall be entitled to, and responsible for, the scheduling of such PTRs to facilitate use of the applicable Flowgate(s). Such PTRs shall be treated the same as any other PTR (i.e., if they are not scheduled, they can be sold to third parties by the Transmission Provider).

7.0 Specific Rules for Transmission Service Agreements

7.1 Conversion to Transmission Provider Service

With the exception of TSAs governed by Section 8.0 of this Attachment T, a party to a TSA may, consistent with its FPA Section 205 or 206 rights, seek to have its TSA converted to service under this Tariff. "Conversion" shall mean, for these purposes, that (a) the customer, following conversion, shall take and pay for service pursuant to the Tariff and shall receive whatever rights, and assume whatever obligations, are associated with that service, and (b) the provider of transmission service shall cease collecting revenues under the TSA and shall no longer bear any responsibility, or hold any rights, with respect to such TSA. After conversion of the TSA to Tariff service, the transmission service portions of the TSA shall terminate.

7.2 Unconverted TSA

The following rules shall apply to a TSA that has not been converted to Tariff service.

(a) The PO or Divesting Owner that, prior to Transmission Provider operations, was the transmission provider under the ETA (for these purposes, "Seller") shall be responsible for procuring, and paying for, the necessary services from the Transmission Provider to perform its obligations under the TSA. The Seller shall have the sole rights, and associated obligations, to any service that is so procured.

(b) In procuring service under the Tariff pursuant to subparagraph (a), Seller shall be responsible for reconciling the differences, if any, between scheduling and other protocols set forth in its TSAs and those in the Tariff or, alternatively, for seeking an amendment, pursuant to FPA Section 205 or 206, to eliminate those differences.

(c) If, in meeting its obligations to perform under the TSA, the Seller incurs additional costs from the Transmission Provider, the Seller may, consistent with its FPA Section 205 or 206 rights under the TSA, seek to recover such costs from the customer through an amendment to the TSA.

(d) The transmission customer under the TSA shall pay to Seller all amounts due under the TSA and all such payments shall be retained by the Seller.

8.0 Transition Period for Certain Agreements

8.1 To mitigate cost shifts associated with the transition to regional transmission rates, TSAs that provide long-term Inter-Zonal Service shall be subject to the rules in this Section 8. Inter-Zonal Service is defined, for these purposes, as transmission service from one Transmission Rate Zone to another, where the same customer bears transmission charges on both systems. If more than one customer pays a transmission access charge to deliver the power from source to sink, the transmission access charges associated with the Transmission Rate Zone in which the load is not located shall be phased out in Tariff Years 6-10, consistent with this Attachment, only if all parties to the transaction agree that the load consuming the power will receive, on a dollar-for-dollar basis, the reduction in transmission access charges.

(a) The transmission charges levied under the ETA shall remain in effect during Tariff Years 1-5 of Transmission Provider operations and shall be phased out in equal increments (20% per year) over Tariff Years 6-10 of Transmission Provider operations to the extent the contract remains in effect as of those dates. If the ETA does not separately state its transmission charges (i.e., the contract constitutes a bundled sale), the phase-out of charges shall be calculated by reference to the Zonal Rate in effect in Tariff Year 5 (the last year a full Zonal Rate remains in effect) of the Participant that was providing Inter-Zonal Service prior to Transmission Provider formation.

(b) The revenues from such contracts shall be retained by the Participant providing the service. These revenues shall be used to reduce the Annual Zonal Transmission Costs that include the Participant's facilities.

(c) If a customer terminates such a contract during the first ten years of Transmission Provider operations, the Transmission Provider shall provide service to that customer at the zonal Point-to-Point charge of the Participant that provided transmission service under the contract. The revenue from the zonal charge shall be distributed to the Participant providing the service. (This rule does not apply to contracts that expire on a date certain fixed in the contract.)

8.2 Participants that lose short-term wheeling revenue due to the elimination of pancaked rates shall be compensated for such loss through payments by the Transmission Provider out of revenues received by the Transmission Provider for Short-Term Firm and Non-Firm Point-to-Point Transmission Service. The loss of revenue for each Participant shall be calculated using a 2000 base year amount of revenues from short-term Inter-Zonal service. The Transmission Provider shall

make payments to each Participant for its base year amount in declining increments (by 20 percent per year) over the first five Tariff Years. If such revenues are insufficient in any Tariff Year to make such payments, the unfunded amounts shall be carried over and paid out of revenues in subsequent Tariff Years (but not to exceed Tariff Year 5).

9.0 Rules Applicable to Service Entered Into After December 15, 2000

9.1 Long-Term Arrangements

If, after December 15, 2000, a PO or Divesting Owner enters into any new ETA, or agrees to purchase or provide long-term transmission service under an ETA executed prior to that date, the new service provided under such ETA shall be converted to Transmission Provider service upon the commencement of Transmission Provider operations. Notwithstanding the foregoing, if such service is point-to-point service, and the applicable resource will be designated as a Network Resource, the customer receiving such service will have a one-time option, at the time the resource is designated as a Network Resource, to reduce its point-to-point reserved capacity or terminate such capacity. Any amount of reserved capacity that remains shall be allocated PTRs consistent with Attachment P, and the customer will continue to pay for such reserved capacity in accordance with the charges under this Tariff for Point-to-Point Transmission Service. "Long-term transmission service" shall mean any service for more than one year.

9.2 Short-Term Arrangements

If a PO or Divesting Owner agrees to provide, or to purchase, short-term firm and nonfirm service that has a term that extends beyond the date of Transmission Provider operations, that service shall convert to Transmission Provider service upon the commencement of Transmission Provider operations. "Short-term transmission service" shall mean any service with a term of one year or less.

9.3 Conversion Procedures

The PO or Divesting Owner that enters into any agreement described in Sections 9.1 or 9.2 of this Attachment T shall cooperate with the Transmission Provider to develop appropriate procedures to provide for the orderly conversion of service to the Tariff, including, but not limited to, billing the customer on a pro rata basis to ensure that the customer is not double charged for service during the billing cycle that includes the start date for Transmission Provider operations.

10.0 Identification of ETAs

Exhibit T-1 hereto is a list that specifies, for each ETA, of the name of the transmission provider, the name of the customer, the title of the contract, the FERC rate schedule designation (if any).

Exhibit T-1

List of Existing Transmission Agreements9/

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Orlando Utilities Commission	Interconnection/Substation Operating Agreement	Rate Sch 63
Tampa Electric Co	Orlando Utilities Commission	Interconnection/Substation Operating Agreement	Rate Sch 60
Tampa Electric Co	Reedy Creek Improvement District	Interconnection/Substation Operating Agreement	Rate Sch 66
Tampa Electric Co	Florida Power Corporation	Interconnection/Transmission Service Agreement	TEC Rate Sch 48 & FPC Suppl No 26 to Rate Sch 80
Tampa Electric Co	Orlando Utilities Commission	Jt Ownership Agreement	Rate Sch 64
Tampa Electric Co	Orlando Utilities Commission	Jt Ownership Agreement	Rate Sch 65
Tampa Electric Co	Florida Power Corp TEC Sheldon Rd FPC Lake Tarpon	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Sheldon Rd FPC Lake Tarpon	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Sheldon Rd FPC Lake Tarpon	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Pebbledale FPC Barcola	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC So Eloise FPC No Bartow	Interconnection Agreement	Rate Sch 43
Tampa Electric Co	Florida Power Corp TEC So Eloise FPC W Lake Wales	Interconnection Agreement	

9/ This list is not intended to be exhaustive at this time.

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Florida Power Corp TEC Pebbledale FPC No Bartow	Interconnection Agreement	Rate Sch 43
Tampa Electric Co	Florida Power Corp TEC Hardee FPC Vandolah	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Dade City FPC Zephyrhills N	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Dade City FPC Union Hall	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Dale Mabry FPC Denham	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Orchid Springs Tap FPC Haines City Tap	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Cabbage Hill FPC Zephyryhills	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Cabbage Hill FPC Denham	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Phillips FPC DeSoto City	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Dinner Lake FPC Lakewood	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Dinner Lake FPC Sun'N Lakes	Interconnection Agreement	
Tampa Electric Co	Florida Power & Light TEC Big Bend FPL Ringling	Interconnection Agreement	
Tampa Electric Co	Florida Power & Light TEC Big Bend FPL Manatee	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Florida Power & Light TEC Big Bend FPL Manatee	Interconnection Agreement	Rate Sch 42 & Suppl No 1 to Rate Sch 42
Tampa Electric Co	City of Lakeland (FL Municipal Power Pool) TEC Sandhill LAK Highland City	Interconnection Agreement	Rate Sch 41
Tampa Electric Co	City of Lakeland (FL Municipal Power Pool) TEC Polk City LAK Orangedale	Interconnection Agreement	Rate Sch 45
Tampa Electric Co	City of Lakeland TEC Lake Agnes LAK McIntosh	Interconnection Agreement	
Tampa Electric Co	City of Lakeland (FL Municipal Power Pool) TEC Gapway LAK East	Interconnection Agreement	
Tampa Electric Co	Seminole Electric Cooperative Inc TEC Hardee SEC Lee	Interconnection Agreement	
Tampa Electric Co	Withlacoochee River TEC Cabbage Hill WRAC Saddle brook	Interconnection Agreement	
Tampa Electric Co	Reedy Creek Improvement District TEC Osceola RCID Studio	Interconnection Agreement	
Tampa Electric Co	Orlando Utilities Commission TEC Lake Agnes OUC Osceola	Interconnection Agreement	
Tampa Electric Co	Orlando Utilities Commission TEC Osceola OUC Cane Island	Interconnection Agreement	
Tampa Electric Co	Auburndale Power Partners	Interconnection Agreement	Rate Sch 49
Tampa Electric Co	Auburndale Power Partners	Interconnection Agreement	Suppl No 1 to Rate Sch 49

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Cargill Fertilizer Ridgewood	Interconnection Agreement	Suppl No 4 to Rate Sch 39
Tampa Electric Co	Cargill Fertilizer Ridgewood & Millpoint	Transmission Svc Agreement	Rate Sch 39
Tampa Electric Co	Cargill Fertilizer Millpoint	Interconnection Agreement	Rate Sch 51
Tampa Electric Co	Cutrale Fruit Juices Inc	Interconnection Agreement	
Tampa Electric Co	C F Industries	Interconnection Agreement	
Tampa Electric Co	City of Tampa Sewage (Adv Wastewater Treatment Plant - HP)	Interconnection Agreement	
Tampa Electric Co	City of Tampa Refuse (McKay Bay)	Interconnection Agreement	
Tampa Electric Co	Farmland Hydro LP	Interconnection Agreement	
Tampa Electric Co	Hillsborough County Solid Waste Energy Recovery	Interconnection Agreement	
Tampa Electric Co	IMC Agrico - New Wales	Interconnection Agreement	
Tampa Electric Co	IMC Agrico - So Pierce	Interconnection Agreement	
Tampa Electric Co	IMC Agrico - Nichols	Interconnection Agreement	
Tampa Electric Co	Mulberry Phosphates Inc	Interconnection Agreement	Rate Sch 44
Tampa Electric Co	Mulberry Phophates Inc	Transmission Svc Agreement	Rate Sch 28
Tampa Electric Co	Nitram Inc	Interconnection Agreement	
Tampa Electric Co	Hardee Power Partners Ltd/Seminole Electric Cooperative	Tripartate Interconnection Agreement	Suppl No 8 to Rate Sch 37
Tampa Electric Co	Florida Power Corporation	Power Sale with Bundled Transmission Svc	1st Revised Vol 1, SA 5
Tampa Electric Co	FMPA (City of Ft Meade)	Power Sale with Bundled Transmission Svc	1st Revised Vol 1, SA 3
Tampa Electric Co	Hardee Power Partners Ltd	Transmission Svc Agreement	Suppl to Rate Sch 33
Tampa Electric Co	Reedy Creek Improvement District	Power Sale with Bundled Transmission Svc	Rate Sch 55

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Seminole Electric Cooperative Inc	Power Sale with Bundled Transmission Svc	Rate Sch 37
Tampa Electric Co	City of St Cloud	Power Sale with Bundled Transmission Svc	1st Revised Vol 1, SA 6
Tampa Electric Co	City of Wauchula	Power Sale with Bundled Transmission Svc	1st Revised Vol 1, SA 2
Tampa Electric Co	Seminole Electric Cooperative Inc	Transmission Svc Agreement	Rate Sch 52
Tampa Electric Co	Orange Cogen (Polk Pwr Partners Ltd)	Power Purchase	FPC-T-1(OATT)
Tampa Electric Co	Florida Power Corp	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 6
Tampa Electric Co	Florida Power & Light	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 7
Tampa Electric Co	Util Comm of New Smyrna Beach	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 13
Tampa Electric Co	Jacksonville Electric Authority	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 14
Tampa Electric Co	Kissimmee Util Authority	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 16
Tampa Electric Co	City of St Cloud	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 17
Tampa Electric Co	Gainesville Regional Util Commission	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 19
Tampa Electric Co	City of Tallahassee	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 20
Tampa Electric Co	City of Lakeland	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 21
Tampa Electric Co	City of Lake Worth	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 26
Tampa Electric Co	Orlando Utilities Commission	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 27
Tampa Electric Co	Florida Municipal Power Agency	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 29
Tampa Electric Co	Util Board of the City of Key West	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 30

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	City of Homestead	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 32
Tampa Electric Co	Florida Power & Light	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 35
Tampa Electric Co	City of Wauchula	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 36
Tampa Electric Co	Seminole Electric Cooperative Inc	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 37
Tampa Electric Co	Oglethorpe Power Corp	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 38
Tampa Electric Co	FMPA (City of Ft Mead)	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 40
Tampa Electric Co	Reedy Creek Improvement District	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 54
Tampa Electric Co	Tennessee Valley Authority	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 57
Tampa Electric Co	South Carolina Gas & Electric Co	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 58
Tampa Electric Co	Southern Company Services	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 62
Tampa Electric Co	The Energy Authority Inc	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 67
Tampa Electric Co	El Paso Merchant Energy LP	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 68
Tampa Electric Co	LG&E Marketing Inc	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 69
Tampa Electric Co	PECO Energy Co - Power Team	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 70
Tampa Electric Co	Koch Energy Trading Inc	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 71
Tampa Electric Co	Tennessee Valley Authority	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 72
Tampa Electric Co	Southern Company Energy Marketing LP	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 74
Tampa Electric Co	Tenaska Power Services Co	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 75

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Virginia Electric and Power Co	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 76
Tampa Electric Co	AIG Trading Corporation	Transmission Svc Agreement	1st Rev Vol 4, SA 17
Tampa Electric Co	Auburndale Power Partners LP	Transmission Svc Agreement	1st Rev Vol 4, SA 30
Tampa Electric Co	CINERGY Svc Inc, Agent for CG&E & PSI	Transmission Svc Agreement	1st Rev Vol 4, SA 18
Tampa Electric Co	City of Lakeland	Transmission Svc Agreement	1st Rev Vol 4, SA 7
Tampa Electric Co	City of Lake Worth	Transmission Svc Agreement	1st Rev Vol 4, SA 5
Tampa Electric Co	Coral Power LLC	Transmission Svc Agreement	1st Rev Vol 4, SA 24
Tampa Electric Co	Dynegy Power Marketing Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 12
Tampa Electric Co	Engage Energy US LP	Transmission Svc Agreement	1st Rev Vol 4, SA 42
Tampa Electric Co	Enron Power Marketing Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 34
Tampa Electric Co	Florida Municipal Power Agency	Transmission Svc Agreement	1st Rev Vol 4, SA 48
Tampa Electric Co	Florida Power & Light	Transmission Svc Agreement	1st Rev Vol 4, SA 1
Tampa Electric Co	Florida Power Corporation	Transmission Svc Agreement	1st Rev Vol 4, SA 46
Tampa Electric Co	Hardee Power Partners LTD	Transmission Svc Agreement	1st Rev Vol 4, SA 39
Tampa Electric Co	NP Energy Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 25
Tampa Electric Co	Orlando Utilities Commission	Transmission Svc Agreement	1st Rev Vol 4, SA 10
Tampa Electric Co	PECO Energy Co Power Team	Transmission Svc Agreement	1st Rev Vol 4, SA 19
Tampa Electric Co	Reedy Creek Improvement District	Transmission Svc Agreement	1st Rev Vol 4, SA 28

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	SCANA Energy Marketing Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 14
Tampa Electric Co	South Carolina Electric & Gas Co	Transmission Svc Agreement	1st Rev Vol 4, SA 6
Tampa Electric Co	Southern Company Services Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 20
Tampa Electric Co	Southern Company Energy Marketing LP	Transmission Svc Agreement	1st Rev Vol 4, SA 27
Tampa Electric Co	Tampa Electric Company	Transmission Svc Agreement	1st Rev Vol 4, SA 9
Tampa Electric Co	Tenaska Power Services Co	Transmission Svc Agreement	1st Rev Vol 4, SA 40
Tampa Electric Co	Tennessee Valley Authority	Transmission Svc Agreement	1st Rev Vol 4, SA 41
Tampa Electric Co	The Energy Authority Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 51
Tampa Electric Co	Utilities Commission, City of New Smyrna Beach	Transmission Svc Agreement	1st Rev Vol 4, SA 53
Tampa Electric Co	Utility Board of the City of Key West, FL	Transmission Svc Agreement	1st Rev Vol 4, SA 4
Tampa Electric Co	Virginia Electric and Power Company	Transmission Svc Agreement	1st Rev Vol 4, SA 32
Tampa Electric Co	Western Power Services Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 21
Tampa Electric Co	Williams Energy Services Company	Transmission Svc Agreement	1st Rev Vol 4, SA 8
Tampa Electric Co	Auburndale Power Partners LP	Transmission Svc Agreement	1st Rev Vol 4, SA 29
Tampa Electric Co	City of Lakeland, FL	Transmission Svc Agreement	1st Rev Vol 4, SA 49
Tampa Electric Co	Enron Power Marketing Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 33
Tampa Electric Co	Florida Municipal Power Agency	Transmission Svc Agreement	1st Rev Vol 4, SA 47
Tampa Electric Co	Florida Power Corporation	Transmission Svc Agreement	1st Rev Vol 4, SA 45

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Hardee Power Partners Ltd	Transmission Svc Agreement	1st Rev Vol 4, SA 36
Tampa Electric Co	Reedy Creek Improvement District	Transmission Svc Agreement	1st Rev Vol 4, SA 44
Tampa Electric Co	Tampa Electric Co (FMPA-Capacity & Energy)	Transmission Svc Agreement	1st Rev Vol 4, SA 43
Tampa Electric Co	Tampa Electric Co (Utili Comm. City of New Smyrna Beach - Capacity & Energy)	Transmission Svc Agreement	1st Rev Vol 4
Tampa Electric Co	Tampa Electric Company (Umbrella Agreement)	Transmission Svc Agreement	1st Rev Vol 4, SA 35
Tampa Electric Co	Tenaska Power Services Co	Transmission Svc Agreement	1st Rev Vol 4, SA 37
Tampa Electric Co	Tennessee Valley Authority	Transmission Svc Agreement	1st Rev Vol 4, SA 38
Tampa Electric Co	The Energy Authority Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 50
Tampa Electric Co	Utilities Commission, City of New Smyrna Beach	Transmission Svc Agreement	1st Rev Vol 4, SA 52
Tampa Electric Co	Virginia Electric and Power Co	Transmission Svc Agreement	1st Rev Vol 4, SA 31
Tampa Electric Co	Allegheny Energy Supply Co LLC	Transmission Svc Agreement	1st Rev Vol 4, SA 55
Tampa Electric Co	Cargill-Alliant LLC	Transmission Svc Agreement	1st Rev Vol 4, SA 57
Tampa Electric Co	Cargill Fertilizer Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 59
Tampa Electric Co	Allegheny Energy Supply Co LLC	Transmission Svc Agreement	1st Rev Vol 4, SA 54
Tampa Electric Co	Cargill-Alliant LLC	Transmission Svc Agreement	1st Rev Vol 4, SA 56
Tampa Electric Co	Cinergy Services Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 58
Florida Power & Light	Seminole Lee	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power & Light	Osceola Farms	Interconnection Agreement; Transmission Svc Agreement	COG-1
Florida Power & Light	Cape Canaveral/Orlando Utilities Commission	Interconnection Agreement	
Florida Power & Light	Solid Waste Palm Beach QF	Interconnection Agreement; Transmission Svc Agreement	
Florida Power & Light	US Air Force	Interconnection Agreement	
Florida Power & Light	S District Waste Water	Interconnection Agreement	
Florida Power & Light	Naples Beach QF	Interconnection Agreement	
Florida Power & Light	National Aeronautics	Interconnection Agreement	
Florida Power & Light	Barnett Tech Inc	Interconnection Agreement	
Florida Power & Light	Bell South	Interconnection Agreement	
Florida Power & Light	Dade CRRF	Interconnection Agreement	
Florida Power & Light	DTH TECHCO	Interconnection Agreement	
Florida Power & Light	Fort Pierce	Interconnection Agreement	
Florida Power & Light	FAA	Interconnection Agreement	
Florida Power & Light	FMPA/Clewiston	Interconnection Agreement	
Florida Power & Light	Florida Power Corp	Interconnection Agreement	
Florida Power & Light	Florida Power Corp	Interconnection Agreement	
Florida Power & Light	Florida Power Corp	Interconnection Agreement	
Florida Power & Light	FKEC/Key West	Interconnection Agreement	
Florida Power & Light	Gainesville	Interconnection Agreement	
Florida Power & Light	Seminole Electric	Interconnection Agreement	
Florida Power & Light	US Air Force	Interconnection Agreement	
Florida Power & Light	BIO-Energy Partners Inc	Interconnection Agreement; Transmission Svc Agreement	COG-2
Florida Power & Light	Sarasota Mem Hosp	Interconnection Agreement	
Florida Power & Light	Indiantown Cogen QF	Interconnection Agreement; Transmission Svc Agreement	COG-2
Florida Power & Light	Georgia-Pacific	Interconnection Agreement; Transmission Svc Agreement	COG-2

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power & Light	Wheelabrator N Broward	Transmission Svc Agreement	
Florida Power & Light	Wheelabrator S Broward	Transmission Svc Agreement	COG-2
Florida Power & Light	AES-Cedar Bay	Transmission Svc Agreement	COG-2
Florida Power & Light	Lee County RR	Transmission Svc Agreement	COG-1
Florida Power & Light	MM Tomoka Farms	Transmission Svc Agreement	COG-1
Florida Power & Light	Okeelanta Corp	Transmission Svc Agreement	COG-1
Florida Power & Light	Tropicana	Transmission Svc Agreement	COG-1
Florida Power & Light	US Sugar	Transmission Svc Agreement	
Florida Power & Light	Royster	Transmission Svc Agreement	COG-2
Florida Power & Light	SES Broward Company	Transmission Svc Agreement	COG-2
Florida Power & Light	Seminole Electric Cooperative Inc	Transmission Svc Agreement	Rate Sch 162
Florida Power & Light	Georgia Transmission	Transmission Svc Agreement	OATT
Florida Power & Light	City of Starke	Transmission Svc Agreement	T2.R1.A0.SA1.R.A0 RS79.R.A0.P0000
Florida Power & Light	FMPA	Transmission Svc Agreement	Rate Sch 72
Florida Power & Light	FMPA	Transmission Svc Agreement	Rate Sch 92
Florida Power & Light	FMPA/Stanton	Transmission Svc Agreement	Rate Sch 92
Florida Power & Light	FMPA/Tri County	Transmission Svc Agreement	Rate Sch 93
Florida Power & Light	FMPA/St Lucie	Transmission Svc Agreement	Rate Sch 72
Florida Power & Light	Metro Dade	Transmission Svc Agreement	Rate Sch 124
Florida Power & Light	St Lucie/OUC	Transmission Svc Agreement	Rate Sch 72
Florida Power & Light	FMPA/Stanton II	Transmission Svc Agreement	Rate Sch 72
Florida Power & Light	Jacksonville Electric	Jt Ownership of Substation	
Florida Power & Light	Florida Crushed Stone	Transmission Svc Agreement	COG-2
Florida Power & Light	Southern Company Service Scherer #4	Transmission Svc Agreement	
Florida Power & Light	FMPA PSL2	Transmission Svc Agreement	Rate Sch 72
Florida Power & Light	Orlando Utilities Comm	Transmission Svc Agreement	Rate Sch 69
Florida Power & Light	Dade County	Transmission Losses	Rate Sch 124

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power & Light	FKEC	Power Sale w/Bundled Transmission Service	Rate Sch 130
Florida Power & Light	Southern Company	Interface Agreement	
Florida Power & Light	Jacksonville Electric Authority	Interface Agreement	RS3.R.A0.P0000
Florida Power & Light	Florida Municipal Power Agency	Transmission Svc Agreement (Interchange Agreement)	RS86R.A0.P0000
Florida Power & Light	Florida Power Corp	Transmission Svc Agreement (Interchange Agreement)	RS24.R.A0.P0000 RS61.R.A0.P0000
Florida Power & Light	Gainesville Regional Util Commission	Transmission Svc Agreement (Interchange Agreement)	RS62.R.A0.P0000 RS81.RA0.P0000
Florida Power & Light	City of Homestead	Transmission Svc Agreement (Interchange Agreement)	RS55.R.A0.P0000
Florida Power & Light	Jacksonville Electric Authority	Transmission Svc Agreement (Interchange Agreement)	RS31.R.A0.P0000 RS60.R.A0.P0000
Florida Power & Light	City of Lakeland	Transmission Svc Agreement (Interchange Agreement)	RS43.R.A0.P0000 Rs46.R.A0.P0000
Florida Power & Light	City of Lake Worth	Transmission Svc Agreement (Interchange Agreement)	RS7.R.A0.P0000 RS56.R.A0.P0000
Florida Power & Light	New Smyrna Beach	Transmission Svc Agreement (Interchange Agreement)	RS59.R.A0.P0000 RS88.R.A0.P0000 RS89.R.A0.P0000
Florida Power & Light	Orlando Utilities Commission	Transmission Svc Agreement (Interchange Agreement)	RS33.R.A0.P0000 RS66.R.A0.P0000 RS70.R.A0.P000
Florida Power & Light	Southern Company Services	Transmission Svc Agreement (Interchange Agreement)	RS36.R.A0.P00000 RSW45.R.A0.P000
Florida Power & Light	Reedy Creek Improvement District	Transmission Svc Agreement (Interchange Agreement)	RS112.R.A0.P0000
Florida Power & Light	City of St Cloud	Transmission Svc Agreement (Interchange Agreement)	RS40.R.A0.P0000 RS63.R.A0.P0000
Florida Power & Light	Seminole Electric Cooperative	Transmission Svc Agreement (Interchange Agreement)	RS78.R.A0.P0000 RS102.R.A0.P0000
Florida Power & Light	City of Tallahassee	Transmission Svc Agreement (Interchange Agreement)	RS47.R.A0.P0000 RS98.R.A0.P0000 RS107.R.A0.P0000
Florida Power & Light	Tampa Electric Company	Transmission Svc Agreement (Interchange Agreement)	RS23.R.A0.P0000 RS57.R.A0.P0000

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	Central Power & Lime	Interconnection Agreement	
Florida Power Corp	Jefferson Power	Interconnection Agreement	
Florida Power Corp	Lake Cogen	Interconnection Agreement	
Florida Power Corp	Lake Co RR	Interconnection Agreement	
Florida Power Corp	Mulberry	Interconnection Agreement	
Florida Power Corp	Orange Cogen	Interconnection Agreement	
Florida Power Corp	Orlando Cogen	Interconnection Agreement	
Florida Power Corp	Pasco Cogen	Interconnection Agreement	
Florida Power Corp	Pasco RR	Interconnection Agreement	
Florida Power Corp	Perpetual Energy	Interconnection Agreement	
Florida Power Corp	Pinellas Co RR	Interconnection Agreement	
Florida Power Corp	Ridge Cogen	Interconnection Agreement	
Florida Power Corp	Timber Energy	Interconnection Agreement	
Florida Power Corp	US Agri Chem	Interconnection Agreement	
Florida Power Corp	Florida Power & Light FPC North Longwood/ FPL Sylvan Sub	Interconnection Agreement	
Florida Power Corp	Florida Power & Light FPC Debary/Altamont/ FPL Sanford Subs	Interconnection Agreement	
Florida Power Corp	Florida Power & Light FPC Deland East Sub/ FPL Deland Sub	Interconnection Agreement	
Florida Power Corp	Florida Power & Light FPC Holopaw Sub/ FPL Poinsett Sub	Interconnection Agreement	
Florida Power Corp	Florida Power & Light FPC Turner Sub/ FPL Barwick Sub	Interconnection Agreement	
Florida Power Corp	Florida Power & Light FPC Suwannee Sub/ FPL Columbia Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Lake Tarpon Sub/ TEC Sheldon Sub	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	Tampa Electric Co FPC W Lake Wales Sub/ TEC So Eloise Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Barcola Sub/ TEC Pebbledale Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Zephyrhills No Sub/ TEC Dade City Sub/	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Denham Sub/ TEC Dale Mabry Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Cypresswood Sub/ TEC Orchid Spngs Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Sun'n Lake-Desoto City Sub/ TEC Dinner Lake Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Dinner Lake Sub/ TEC Dinner Lake Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC No Bartow Sub/ TEC No Bartow Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Union Hall Sub/ TEC Dade City Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Denham-Zeph Line TEC Cabbage Hill Sub	Interconnection Agreement	
Florida Power Corp	City of Gainesville FPC Archer Sub/ GRU Sernola-Depot line	Interconnection Agreement	
Florida Power Corp	Kissimmee Util Auth FPC Lake Bryan Sub/ KUA Lk Cecile Sub	Interconnection Agreement	
Florida Power Corp	Kissimmee Util Auth FPC Meadow Wds So Sub/ KUA Employee Sub	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	Lakeland Utilities FPC Griffin Sub/ Lakeland West Sub	Interconnection Agreement	
Florida Power Corp	Lakeland Utilities FPC Barcola Sub/ Lakeland West Sub	Interconnection Agreement	
Florida Power Corp	New Smyrna Beach FPC Cassadaga Sub/ NSB Smyrna Sub	Interconnection Agreement	
Florida Power Corp	Orlando Util Comm FPC Woodsmere Sub/ OUC Pinehill Sub	Interconnection Agreement	
Florida Power Corp	Orlando Util Comm FPC windermere Sub/ OUC Southwood Sub	Interconnection Agreement	
Florida Power Corp	Orlando Util Comm FPC Sky Lake Sub/ OUC Southwood Sub	Interconnection Agreement	
Florida Power Corp	Orlando Util Comm FPC Meadow Wds So Sub/OUC Taft Sub	Interconnection Agreement	
Florida Power Corp	Orlando Util Comm FPC Rio Pinar-Curry Ford Sub/OUC Stanton Plant Sub	Interconnection Agreement	
Florida Power Corp	Reedy Creek FPC Reedy Lake Sub/ RCI Theme Park Sub	Interconnection Agreement	
Florida Power Corp	Reedy Creek FPC Isleworth Sub/ RCI Theme Park Sub	Interconnection Agreement	
Florida Power Corp	Reedy Creek FPC Lake Bryan Sub/ RCI Lk Buena Vista Sub	Interconnection Agreement	
Florida Power Corp	Seminole Electric FPC Silver Springs Sub/ SEC Silver Spgs No Sub	Interconnection Agreement	
Florida Power Corp	Seminole Electric FPC Dearmin Sub/SEC Silver Spgs No Sub	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	Seminole Electric FPC Martin West Sub/ SEC Silver Spgs No Sub	Interconnection Agreement	
Florida Power Corp	Seminole Electric FPC Vandola Sub/ SEC Hardee Sub	Interconnection Agreement	
Florida Power Corp	City of St. Cloud FPC Holopaw Sub/STC East Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Port St Joe Sub/ SOU Callaway Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Suwannee Sub/ SOU Tifton Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Suwannee Sub/ SOU Pine Grove Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Jasper Sub/ SOU Waycross Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Jasper Sub/ SOU Pine Grove Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Quincy Sub/ SOU Scholz Sub	Interconnection Agreement	
Florida Power Corp	Southern company FPC Quincy Sub/ SOU Bainbridge Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Monticello Sub/ SOU Boston Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Jasper Sub/ Valdosta Sub	Interconnection Agreement	
Florida Power Corp	City of Tallahassee FPC Crawfordville Sub/ TAL Hopkins Plt Sub	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	City of Tallahassee FPC Tallahassee Sub/ TAL No 3 Sub	Interconnection Agreement	
Florida Power Corp	City of Tallahassee FPC Bradfordville Sub/ TAL No 7 Sub	Interconnection Agreement	
Florida Power Corp	City of Tallahassee FPC St Marks Sub/ TAL Purdom Plt Sub	Interconnection Agreement	
Florida Power Corp	City of Tallahassee FPC Jackson Bluff Sub/ TAL Jackson Bluff Plt	Interconnection Agreement	
Florida Power Corp	Seminole Electric Cooperative Inc	Transmission Svc Agreement	Rate Sch 106
Florida Power Corp	Florida Municipal Power Authority	Transmission Svc Agreement	Rate Sch 107
Florida Power Corp	Southeastern Power Administration	Power Sale with Bundled Transmission Svc	Rate Sch 65
Florida Power Corp	City of Tallahassee	Transmission Svc Agreement	Rate Sch 178
Florida Power Corp	Seminole Electric Cooperative Inc	Transmission Svc Agreement	Rate Sch 176
Florida Power Corp	Williston	Transmission Svc Agreement	Rate Sch 124
Florida Power Corp	Newberry	Power Sale with Bundled Transmission Svc	Rate Sch 116
Florida Power Corp	Chattahoochee	Transmission Svc Agreement	Rate Sch 126
Florida Power Corp	Quincy	Transmission Svc Agreement	Tariff RS2
Florida Power Corp	Bartow	Transmission Svc Agreement	Tariff V7
Florida Power Corp	Mount Dora	Transmission Svc Agreement	Rate Sch 127
Florida Power Corp	Tal/TriCo	Transmission Svc Agreement	Tariff RS2
Florida Power Corp	Havana	Transmission Svc Agreement	Rate Sch 115
Florida Power Corp	City of St Cloud	Transmission Svc Agreement	Rate Sch 121
Florida Power Corp	Kissimmee Utilities Authority	Transmission Svc Agreement	Rate Sch 120
Florida Power Corp	Utilities Commission, New Smyrna Beach	Transmission Svc Agreement	Rate Sch 144

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	Utilities Commission, New Smyrna Beach (Peaking)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Reedy Creek Improvement District	Transmission Svc Agreement	Rate Sch 118
Florida Power Corp	City of Tallahassee	Transmission Svc Agreement	Rate Sch 178
Florida Power Corp	Georgia Power (FPC IC11)	Transmission Svc Agreement	
Florida Power Corp	Utilities Commission New Smyrna Beach (FPC/CR#3)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Orlando Utilities Commission (FPC/CR#3)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Kissimmee Utilities Commission (FPC/CR#3)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Gainvesville Regional Util Commission (FPC/CR#3)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	City of Alachua (FPC/CR#3)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Tallahassee (Corn Hydro)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Central Power & Lime	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Orange Cogen (Polk Pwr Partners LP)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Seminole Electric Cooperative Inc.	Transmission Svc Agreement	Rate Sch T-1
Florida Power Corp	Florida Power Corp	Transmission Svc Agreement	Orig Vol 6, SA 13
Florida Power Corp	City of Homestead	Transmission Svc Agreement	Rate Sch 82
Florida Power Corp	City of Key West	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 108
Florida Power Corp	City of Lakeland	Transmission Svc Agreement	Rate Sch 92
Florida Power Corp	City of New Smyrna Beach	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 104

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	City of Starke	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 103
Florida Power Corp	City of St Cloud	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 95
Florida Power Corp	City of Tallahassee	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 122
Florida Power Corp	City of Vero Beach	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 141
Florida Power Corp	Florida Municipal Power Agency	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 105
Florida Power Corp	Florida Power & Light	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 81/102
Florida Power Corp	Gainesville Regional Utilities	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 88
Florida Power Corp	Jacksonville Electric Authority	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 91
Florida Power Corp	Kissimmee Utility Authority	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 94
Florida Power Corp	Lake Worth Utilities Authority	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 101
Florida Power Corp	Oglethorpe Power Corp	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 139
Florida Power Corp	Orlando Utilities Commission	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 86
Florida Power Corp	Reedy Creek Improvement District	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 119
Florida Power Corp	Seminole Electric Cooperative Inc	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 128
Florida Power Corp	Tampa Electric Company	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 80

ATTACHMENT U

Rate True-Ups

June 1 of each calendar year, the Transmission Provider shall calculate rates for Long-Term Firm Point-to-Point Transmission Service and Network Service each month of the prior calendar year based on the approved, accepted, or otherwise effective revenue requirements that were in effect during the month (as such revenue requirements may be trued-up) and the Monthly Actual Transmission System Peaks and Monthly Actual Zonal Peaks, as applicable. In calculating said rates, the Transmission Provider shall apply a credit to Annual System Transmission Costs each month equal to (a) the revenues received for sales of PTRs and RTRs during the calendar year, including interest calculated in accordance with 18 C.F.R. § 35.19a(a)(2)(iii), multiplied by (b) the ratio of the Monthly Actual Transmission System Peak for the month to the sum of the Monthly Actual Transmission System Peaks for the calendar year. Also on June 1 of each calendar year, the Transmission Provider shall calculate the Grid Management Charge and charge for Scheduling, System Control and Dispatch Service based on actual cost data and Monthly Actual Transmission System Peaks. The Transmission Provider shall recalculate each Transmission Customer's transmission charges for each month of the expired calendar year using said recalculated rates. The Transmission Provider shall notify each Transmission Customer of the difference between (a) the sum of the monthly charges charged to the Transmission Customer under the Tariff for the expired calendar year and (b) the sum of the monthly charges that would have been charged to the Transmission Customer under the Tariff using the recalculated rates. Payments of any such positive difference shall be made by the Transmission Provider to the Transmission Customer within 30 days of the date the Transmission Provider provides such notice. Payments of any such negative difference shall be made by the applicable Transmission Customer to the Transmission Provider

within 30 days of the date the Transmission Provider provides such notice. Payments shall include interest calculated in accordance with 18 C.F.R. § 35.19a(a)(2)(iii). Interest shall be calculated for the difference between the amount paid by the Transmission Customer for each month and the amount owed by the Transmission Customer as calculated under this Attachment U for that month, from the original date of receipt of payment by the Transmission Provider of amounts owed for the month to the date the true-up notice is provided pursuant to this provision.

Notwithstanding the foregoing, discounted transmission rates and associated bills under this Tariff shall not be trued-up.

ATTACHMENT V

Transmission Rate Zones

The Transmission Rate Zones are as follows:

ZONE	FACILITIES
• Florida Power & Light*	FP&L System SECI: Seminole Plant to Rice Creek Hardee Power Station to Lee Seminole Plant to JEA Firestone Seminole 69KV Facilities in FP&L Control Area SECI Member Facilities in FP&L Control Area FMPA:Member Facilities East Zone Clewiston Forte Meade Fort Pierce Green Cove Springs Havana Jacksonville Beach Key West Starke Vero Beach Florida Keys Electric Corp. Okeefenokee Coop.
• Florida Power Corporation*	FPC System SECI: Seminole Plant to Silver Springs Hardee Power Station to Vandolah Seminole 69 KV Facilities in FPC Control Area SECI Member Facilities in FPC Control Area FMPA: Member Facilities West Zone Cane Island to I.C. Ocala Bushnell Leesburg
• Tampa Electric Company*	TECO System

*Entities that have committed to joining GridFlorida

• Kissimee Utilities Authority	KUA System
• St. Cloud	St. Cloud System
• Lakeland	Lakeland System
• Orlando Utilities Commission	OUC System
• Gainesville Regional Utilities	GRU System
• Tallahassee	TAL System
• Reedy Creek Improvement District	RCID System
• New Smyrna Beach	NSB System
• Jacksonville Electric Authority	JEA System
• Lake Worth	LW System
• Homestead	Homestead System

ATTACHMENT W
INSTALLED CAPACITY AND ENERGY SPECIFICATION

I. Overview

While such an obligation will not be placed into effect upon initial Transmission Provider operations, at such time as the Transmission Provider is able to implement such a requirement, all Load Serving Entities ("LSEs") within the GridFlorida transmission area will have a mandatory installed capacity and energy ("ICE") obligation.

II. The ICE Obligation

A. **Capacity and Energy Obligations.** Each LSE will be obligated to demonstrate to the Transmission Provider that it has satisfied its ICE obligation by demonstrating that it has the requisite ICE rights. LSEs will be able to demonstrate satisfaction of their ICE obligation by establishing that they have (1) qualifying rights to generation owned by the LSE; (2) qualified demand resources, including demand side management and interruptible load; or (3) qualified purchase contracts. LSEs will be required to show that they have rights to take energy from the applicable generation resources at a specified energy purchase price, the amount of which need not be disclosed to the Transmission Provider.

B. **Deliverability Requirements.** A generating resource that is used or desires to be qualified to be an ICE resource will be subject to deliverability requirements.

C. **Enforcement Mechanism.** In the event that an LSE is unable to demonstrate satisfaction of its ICE obligation, it shall be given a specified time in which to attempt to enter into arrangements that will satisfy its obligation. Enforcement mechanisms will be available when an LSE is still unable to demonstrate that it has satisfied its obligation after this time period. Such enforcement mechanism will be in the form of a deficiency auction, deficiency charge, and/or other mechanisms.

GRIDFLORIDA LLC

OPEN ACCESS TRANSMISSION TARIFF

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I. COMMON SERVICE PROVISIONS

1 Definitions

1.1 Ancillary Services: Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

1.2 [reserved]

1.2A Annual System Transmission Costs: The Annual System Transmission Costs shall be the amount specified in Attachment I. The annual revenue requirements associated with the cost of transmission facilities included in the Annual System Transmission Costs only can be amended by the owner of such facilities or by order of the Commission.

1.2B Annual Zonal Transmission Costs: Annual Zonal Transmission Costs for a Transmission Rate Zone shall be the amount specified in Attachment H for that Transmission Rate Zone. The annual revenue requirements associated with the cost of transmission facilities included in the Annual Zonal Transmission Costs only can be amended by the owner of such facilities or by order of the Commission.

1.3 Application: A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.

1.3A **Balancing Service**: The use of incs and decs by the Transmission Provider in Real Time, as such term is defined in Attachment P, to deliver energy to or acquire energy from Scheduling Coordinators to balance the Transmission Provider's system.

1.4 **Commission:** The Federal Energy Regulatory Commission.

1.5 **Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

1.6 **Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

(1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

(2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and

(4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

1.7 **Curtailment:** A reduction in firm or non-firm transmission service in response to a transmission capacity shortage as a result of system reliability conditions.

1.7A **Day-Ahead Scheduling Process:** The scheduling process under Attachment P during which Scheduling Coordinators must submit balanced schedules and all necessary rights to use the Transmission System.

1.8 **Delivering Party:** The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

1.9 **Designated Agent:** Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, an LSE or the Transmission Customer required under the Tariff.

1.10 **Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. A facility shall not be deemed to be constructed for the sole use/benefit of a customer if GridFlorida determines that construction of the facility is appropriate under the guidelines set forth in the Planning Protocol - Attachment N. In the event of enhanced or special facilities approved pursuant to Sections I.B.C. or I.E. of the Planning Protocol or otherwise resulting from the application of construction or design standards higher than those established by GridFlorida, the incremental portion of the facilities shall be considered for the sole use/benefit of the

Transmission Customer. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

1.10A Dispatchable Demand: Controlled load that can be reduced or increased through dispatch consistent with technical requirements established by the Transmission Provider.

1.10B Divesting Owner or DO: A transmission owner, including a TDU, that has divested ownership of its transmission facilities to the Transmission Provider.

1.11 Eligible Customer: (i) Any electric utility (including Divesting Owners and Participating Owners and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider; (ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary

offer of such service by ~~the Transmission Provider~~ a Participating Owner or Divesting Owner, is an Eligible Customer under the Tariff, provided that a Participating Owner or Divesting Owner only may voluntarily offer such service to a retail customer of the Participating Owner or Divesting Owner at the time of the offer.

1.11A Existing Facilities: Transmission facilities placed into service prior to January 1, 2001.

1.11B Existing Transmission Agreements or ETAs: Transmission contracts of Divesting Owners and POs entered into prior to the date of commercial operations of the Transmission Provider. Existing Transmission Agreements are listed on Attachment T.

1.11C External Control Area: A Control Area that is neither the Transmission Provider's Control Area nor an Internal Control Area.

1.12 Facilities Study: An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.

1.13 Firm Point-To-Point Transmission Service: Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

1.13A Flowgate: A transmission line or group of transmission lines that form a specific interface point and that evidence Commercially Significant congestion costs, as defined in Exhibit P-1 to Attachment P.

1.13B FRCC: The Florida Reliability Coordinating Council, the NERC reliability organization responsible for ensuring the reliability of the Florida transmission system.

1.13C Generation Interconnection Service or GIS: The interconnection of electric generation facilities to the Transmission System pursuant to Section IV. Generation Interconnection Service does not include the transmission of electricity or the integration of a generation facility with the Transmission System or with any load.

1.13D GIS Facilities Study: An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested Generation Interconnection Service.

1.13E GIS Feasibility Study: An assessment by the Transmission Provider of the adequacy of the Transmission System to accommodate a request for Generation Interconnection Service.

1.14 Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

1.14A GridFlorida: GridFlorida LLC, which is the independent transmission company that serves as the RTO within the FRCC. GridFlorida also is referred to herein as the Transmission Provider.

1.14B Grid Management Charge: A charge to recover start up and administrative costs, calculated in accordance with Schedule 10.

1.14C Interconnection Agreement: An agreement governing the terms and conditions of the interconnection of a generation facility with the Transmission

System between the owner of the generation facility, the Transmission Provider and any PO owning facilities at the location of the interconnection.

1.14D Internal Control Area: A Control Area covering Transmission Facilities owned by a Participating Owner.

1.15 Interruption: A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

1.16 [reserved]

1.16A Load Serving Entity or LSE: An entity that purchases and/or generates electricity that it sells to retail customers. A joint action agency or other agent for a group of LSEs, and which is the Transmission Customer for such LSEs, shall have the right to act as agent for the LSEs with respect to all aspects of this Tariff.

1.17 Load Shedding: The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

1.18 Long-Term Firm Point-To-Point Transmission Service: Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

1.18A Monthly Actual Transmission System Peak: The Monthly Actual Transmission System Peak in a calendar month shall be the maximum total in an hour during the month of actual Network Load on the Transmission System.

1.18B Monthly Actual Zonal Peak: The Monthly Actual Zonal Peak for a Transmission Rate Zone in a calendar month shall equal the maximum actual hourly Network Load in the Transmission Rate Zone during the month.

1.18C Monthly Projected Transmission System Peak: The Monthly Projected Transmission System Peak in a calendar month shall be the maximum total in an hour during the month of projected hourly Network Load on the Transmission System, as calculated by the Transmission Provider pursuant to this Tariff.

1.18D Monthly Projected Zonal Peak: The Monthly Projected Zonal Peak for a Transmission Rate Zone in a calendar month shall equal the maximum projected hourly Network Load in the Transmission Rate Zone during the month, calculated by the Transmission Provider pursuant to this Tariff after consultation with the applicable Participating Owner(s).

1.18E Monthly Transmission System Network Load: A Network Customer's Monthly Transmission System Network Load is its hourly Network Load on the Transmission System coincident with the Monthly Actual Transmission System Peak.

1.18F Monthly Zonal Network Load: A Network Customer's Monthly Zonal Network Load for a Transmission Rate Zone is its hourly Network Load in the Transmission Rate Zone coincident with the Monthly Actual Zonal Peak for the Transmission Rate Zone.

1.19 [reserved]

1.20 Network Customer: An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff, and is represented by a Scheduling Coordinator for purposes of scheduling services and billing under this Tariff

1.21 Network Integration Transmission Service: The transmission service provided under Part III of the Tariff.

1.22 Network Load: The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point

Transmission Service that may be necessary for such non-designated load.

1.23 Network Operating Agreement: An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

1.24 Network Operating Committee: A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

1.25 Network Resource: Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

1.26 Network Upgrades: Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

1.26A New Transmission Investment: The revenue requirement associated with transmission facilities placed into service on or after January 1, 2001, and the revenue requirement associated with any capitalized costs incurred after that date for improvements, betterments, or replacements to or of Existing Facilities.

1.26B Next-Day Buy Through Service: Transmission Service on non-Flowgate facilities scheduled in the Day-Ahead Scheduling Process and provided in accordance with Attachment P.

1.26C Non-Flowgate Facility: A Non-Flowgate Facility is a facility that is part of the Transmission System that is not part of a Flowgate. Included in Non-Flowgate Facilities are facilities that are part of Flowgates that transmit power in the opposite direction of the Flowgate.

1.26D Non-Firm Physical Transmission Right or NPTR: The right to schedule the delivery of one MW of energy ~~or Ancillary Services~~ in a specific direction across a Flowgate for one hour, sold through redispatch in the Day-Ahead Scheduling Process and with a lower priority than PTRs, as provided in Attachment P. An NPTR does not confer the right to receive congestion revenues.

1.27 Non-Firm Point-To-Point Transmission Service: Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

1.28 Open Access Same-Time Information System (OASIS): The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.29 Part I: Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

1.30 **Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.31 **Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.31A **Part IV:** Tariff Sections 36 through 47 pertaining to Generation Interconnection Service, in conjunction with the applicable Common Service Provisions of Part I.

1.31B **Participating Owner or PO:** Transmission owners, including TDUs, that have elected to place their transmission facilities under the control of the Transmission Provider by entering into the PO Management Agreement with the Transmission Provider.

1.32 **Parties:** The Transmission Provider and the Transmission Customer receiving service under the Tariff.

1.32A **Physical Transmission Right or PTR:** The right to schedule the delivery of one MW of energy ~~or Ancillary Services~~ in a specific direction across a Flowgate for one hour, as provided in Attachment P. A PTR does not confer the right to receive congestion revenues.

1.32B **PO Management Agreement:** The agreement between the Transmission

Provider and the POs pursuant to which control of the POs' transmission facilities is transferred to the Transmission Provider.

1.33 **Point(s) of Delivery:** Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.34 **Point(s) of Receipt:** Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.35 **Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.36 **Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.36A Quick Start Resource: For purposes of Operating Reserves, Quick Start Resources are units that are available within 12 minutes of being called. For congestion management purposes, a unit is a Quick Start Resource if it is available to provide energy within 20 minutes of being called.

1.36B Recallable Transmission Right or RTR: The right to schedule the delivery of one MW of energy ~~or Ancillary Services~~ in a specific direction across a Flowgate for one hour, purchased as a recallable right as provided in Attachment P. An RTR does not confer the right to receive congestion revenues.

1.37 Receiving Party: The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.37A Regional Market: The boundaries of the hierarchical Control Area directed by the Transmission Provider, including the Transmission Provider's Control Area and all Internal Control Areas.

1.38 Regional Transmission Group (RTG): A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.38A Regional Transmission Organization or RTO: A regional transmission organization that meets the requirements of FERC Order No. 2000.

1.39 Reserved Capacity: The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.39A Schedule Adjustment Process: The process under Attachment P that begins immediately after the Day-Ahead Scheduling Process, during which Scheduling Coordinator's may adjust their balanced schedules.

1.39B Scheduling Coordinator: An entity certified pursuant to Part V of this Tariff to submit to the Transmission Provider requests for transmission reservations and schedules for energy and Ancillary Services.

1.39C Scheduling Day: The calendar day on which a scheduled transaction takes place, consisting of the 24 hour period beginning at the start of the hour ending 0100 and ending at the end of the hour ending 2400 daily.

1.40 Service Agreement: The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

1.41 Service Commencement Date: The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the

date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

1.41A **Settlement Period**: Any one of the six ten-minute periods that make up a clock hour.

1.42 **Short-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

1.43 **System Impact Study:** An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

1.43A **System-Wide Rate**: The System-Wide Rate shall equal the Annual System Transmission Costs divided by the average for the ~~Tariff Year~~ calendar year of the Monthly Projected Transmission System Peaks~~, as~~. Charges will be trued-up in accordance with Attachment U hereto.

1.43B **Tariff Year**: The first Tariff Year shall consist of the twelve (12) month period beginning on the first day of the month after the effective date of this Tariff, plus each day of the prior month for which this Tariff is effective. Subsequent Tariff Years shall consist of each subsequent twelve (12) month period.

1.44 Third-Party Sale: Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

1.44A Through And Out Rate: The Through And Out Rate shall equal the sum of the Annual Zonal Transmission Costs divided by the average for the ~~Tariff Year~~ calendar year of the Monthly Projected Transmission System Peaks~~, as~~. Charges will be trued-up in accordance with Attachment U hereto.

1.45 Transmission Customer: Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff, and is represented by a Scheduling Coordinator for purposes of scheduling services and billing under this Tariff. This term is used in the Part I Common Service Provisions and Parts IV and V to include customers receiving transmission service under Part II and Part III of this Tariff.

1.45A Transmission Dependent Utility or TDU: A Transmission Dependent Utility is an interconnected distribution system that was served, as of October 16, 2000, by a Participating Owner's or Divesting Owner's Network Integration Transmission Service or the functional equivalent of Network Integration Transmission Service in an amount equal to or in excess of 75% of its load.

1.46 Transmission Provider: GridFlorida.

1.46A Transmission Rate Zone: Each Transmission Rate Zone is listed in Attachment V hereto. The transmission owning TDUs located in each Transmission Rate Zone are included in Attachment V.

1.47 [reserved]

1.48 Transmission Service: Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

1.49 Transmission System: All transmission facilities owned or leased by the Transmission Provider and all transmission facilities that have been placed under the operational control of the Transmission Provider through the PO Management Agreement. All such facilities are posted on the OASIS.

1.50 Zonal Rate: The Zonal Rate for a Transmission Rate Zone shall equal the Annual Zonal Transmission Costs for the Transmission Rate Zone divided by the average for the ~~Tariff Year~~ calendar year of the Monthly Projected Zonal Peaks for the Transmission Rate Zone~~, as~~. Charges will be trued-up in accordance with Attachment U hereto.

2 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transmission Capability: [reserved]

2.2 Reservation Priority For Existing Firm Service Customers: Divesting Owners and POs have the right to convert their existing firm use of the

Transmission System to Network Integration Transmission Service with the same priority as their existing use. Existing firm service customers (with a contract term of one year or more) of the POs and Divesting Owners have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service the existing firm service customers must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of one-year or longer.

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide, and the Transmission Customer is required to purchase from the Transmission Provider, the following Ancillary Services (i) Scheduling, System Control and Dispatch, (ii) Reactive Supply and Voltage Control from Generation Sources, and (iii) ~~Black Start~~ System Restoration Service.

The Transmission Provider is required to offer to provide as the provider of last resort the

following Ancillary Services for the Transmission Customer serving load within the Transmission Provider's Control Area or an Internal Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental. The Transmission Provider may satisfy its provider of last resort obligation by establishing Ancillary Services markets, as described in the individual Ancillary Services rate schedules. The Transmission Customer serving load within the Transmission ~~System~~ Provider's Control Area or an Internal Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff.

3.1 Scheduling, System Control and Dispatch Service: The rates and/or methodology are described in Schedule 1.

3.2 Reactive Supply and Voltage Control from Generation Sources Service: The rates and/or methodology are described in Schedule 2.

3.3 **Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3.

3.4 **Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.

3.5 **Operating Reserve - Spinning Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.

3.6 **Operating Reserve - Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.

3.7 ~~**Black Start**~~ System Restoration **Service:** The rates and/or methodology are described in Schedule 11.

4 Open Access Same-Time Information System (OASIS)

The Transmission Provider will operate a single OASIS for the Transmission System. Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities). In the event available transmission capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

5 Local Furnishing Bonds

5.1 Transmission Providers That Own Facilities Financed by Local Furnishing Bonds: This provision is applicable only to POs that have financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this Tariff, the Transmission Provider shall not be required to provide transmission service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance a PO's facilities that would be used in providing such transmission service.

5.2 Alternative Procedures for Requesting Transmission Service:

(i) If the Transmission Provider determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance a PO's facilities that would be used in providing such transmission service, it shall advise the Eligible Customer within thirty (30) days of receipt of the Completed Application.

(ii) If the Eligible Customer thereafter renews its request for the same transmission service referred to in (i) by tendering an application under Section 211 of the Federal Power Act, the Transmission Provider, within

ten (10) days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act. The Commission, upon receipt of the Transmission Provider's waiver of its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, shall issue an order under Section 211 of the Federal Power Act. Upon issuance of the order under Section 211 of the Federal Power Act, the Transmission Provider shall be required to provide the requested transmission service in accordance with the terms and conditions of this Tariff.

6 Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Divesting Owners and Participating Owners on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of a power pool, RTO or Regional Transmission Group also agrees to provide comparable

transmission service to the members of such power pool, RTO and Regional Transmission Group on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

7 Billing and Payment

7.1 Billing Procedure: Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Scheduling Coordinator for each Transmission Customer served by the Scheduling Coordinator for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Scheduling Coordinator for

the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Transmission Provider, or by wire transfer to a bank named by the Transmission Provider.

7.2 **Interest on Unpaid Balances:** Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Transmission Provider.

7.3 **Customer Default:** In the event the Scheduling Coordinator on behalf of the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between the

Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Scheduling Coordinator on behalf of the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

7.4 **Payments By Transmission Customer:** A Transmission Customer may cure a default by a Scheduling Coordinator by making payments directly to the Transmission Provider.

7.5 **True-Ups:** ~~Rates~~ Charges shall be trued-up in accordance with Attachment U hereto.

8 Accounting for the Transmission Provider's Use of the Tariff

~~[reserved]~~[Reserved]

9 Regulatory Filings

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of the Transmission Provider to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service,

Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder. Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of any Participating Owner to unilaterally make application to the Commission for a change in revenue requirements associated with the Participating Owner's facilities under this Tariff.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

10 Force Majeure and Indemnification

10.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. The Transmission Provider, a PO, a DO, and the Transmission Customer will not be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event

of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification: The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider, Participating Owners, and Divesting Owners harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's, Participating Owners', and Divesting Owners' performance of their obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider, PO, or DO, as applicable.

10.3 Liability: The Transmission Provider's Divesting Owners' and Participating Owners' liability for claims related to service provided or actions taken under this Tariff shall be as provided in Florida law as applied to electric utilities with respect to indirect, consequential and incidental damages.

11 Creditworthiness

[Reserved]

12 Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and the Transmission Provider involving transmission service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days or such other period as the Parties may agree upon by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

12.2 External Arbitration Procedures: Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility

matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

12.3 **Arbitration Decisions:** Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

12.4 Costs: Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

(A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or

(B) one half the cost of the single arbitrator jointly chosen by the Parties.

12.5 Rights Under The Federal Power Act: Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

12A Payment of Revenue Requirements

The Transmission Provider shall pay revenue requirements to Participating Owners as follows:

12A.1 Payments for Existing Facilities: For each month of a ~~Tariff Year~~ calendar year, the Transmission Provider shall pay the following amount to each Participating Owner:

PEF = (ZRREF * (MAZP/SMPZP)) + (SRREF * (MATSP/SMPTSP)), where

PEF = monthly payment for Existing Facilities;

ZRREF = the ~~gross~~ approved, accepted, or otherwise effective revenue requirement of the Existing Facilities of the applicable Participating Owner included in the Annual Zonal Transmission Costs of a Transmission Rate Zone,

less any revenue credits under Attachment H that are not collected by the Transmission Provider;

MAZP = the Monthly Actual Zonal Peak for the month for the Transmission Rate Zone;

SMPZP = the sum of the Monthly Projected Zonal Peaks for the ~~Tariff Year~~ calendar year for the Transmission Rate Zone;

SRREF = the ~~gross~~ approved, accepted, or otherwise effective revenue requirements of the Existing Facilities of the applicable Participating Owner included in the Annual System Transmission Costs;

MATSP = the Monthly Actual Transmission System Peak for the month;

SMPTSP = the sum of the Monthly Projected Transmission System Peaks for the ~~Tariff Year~~ calendar year.

12A.2 Payments for New Transmission Investment: For each month of a ~~Tariff Year~~ calendar year, the Transmission Provider shall pay the following amount to each Participating Owner for New Transmission Investment:

PNTI = SRRNTI * (MATSP/SMPTSP), where

PNTI = monthly payment for New Transmission Investment;

SRRNTI = New Transmission Investment of the applicable Participating Owner included in the Annual System Transmission Costs, less any revenue credits under Attachment I that are not collected by the Transmission Provider;

MATSP = the Monthly Actual Transmission System Peak for the month;

SMPTSP = the sum of the Monthly Projected Transmission System Peaks for the ~~Tariff Year~~ calendar year.

12A.3 Netting of Payments: All payments under this Section 12A shall be netted against amounts owed by the Participating Owner for transmission service under this Tariff.

12A.4 True-Up: ~~Within 20 days of the date billing is completed for the final month of a Tariff Year~~ June 1 of each calendar year, the Transmission Provider shall notify each Participating Owner of the difference between (a) the amounts paid to the Participating Owner under this Section 12A and (b) the approved, accepted, or otherwise effective revenue requirements of the Existing Facilities and New Transmission Investment of the applicable Participating Owner owed to the Transmission Provider for the ~~Tariff Year~~ prior calendar year, calculated as follows:

$\sum_{n=1..12}$ 1/12 NTIRR + 1/12 ~~EFPRn~~ EFRR$_n$, where,

$NTIRR_n$ = the Participating Owner's New Transmission Investment in month n of the prior calendar year;

$EFRR_n$ = the Participating Owner's approved, accepted, or otherwise effective revenue requirement for Existing Facilities in month n of the prior calendar year

Payments of any such negative difference shall be made by the Transmission Provider to the applicable Participating Owner within 30 days of the date the Transmission Provider provides such notice. Payments of any such positive difference shall be made by the applicable Participating Owner to the Transmission Provider within 30 days of the date the Transmission Provider provides such notice. Payments shall include interest calculated in accordance with 18 C.F.R. § 35.19a(a)(2)(iii). Interest shall be calculated for the difference between the amount paid by the Transmission Provider for each month and the amount owed by the Transmission Provider as calculated under this Section 12A.4 for that month, from the original date of receipt of payment by the Participating Owner of amounts owed for the month to the date the true-up notice is provided pursuant to this provision.

12B Revenue Requirements of Nonjurisdictional POs: A Participating Owner that is not a public utility under the Federal Power Act ("NJ PO") shall recover its revenue requirements pursuant to one of the following two options:

Option 1 – The NJ PO may file directly with the Commission a request for approval of its revenue requirements, or any change in those requirements, along with appropriate supporting documentation.

Option 2 – The NJ PO may submit to the Transmission Provider its proposed revenue requirements, or any change in those revenue requirements, along with appropriate supporting documentation. The Transmission Provider shall, within thirty (30) days thereafter, file such revenue requirement with the Commission for its approval. The Transmission Provider shall have no responsibility for supporting or defending such revenue requirement, the responsibility for which lies solely with the NJ PO.

Under either option, the NJ PO shall be entitled to recover through Transmission Provider rates only the revenue requirement that is approved, accepted, or otherwise made effective by the Commission. If the Commission rejects the NJ PO's proposed revenue requirement, suspends it, or otherwise orders refunds, or in a proceeding brought by a third party or upon the Commission's own motion orders any change in the revenue requirement, the Transmission Provider's payments to the NJ PO shall be modified accordingly to ensure that the NJ PO does not recover more than its Commission-approved revenue requirement, including modifications that are necessary to recoup from the NJ PO any amounts that the Commission determines should be refunded to the Transmission Provider's Transmission Customers.

12C ~~Moratorium on~~ Changes to Rate Structure

~~The~~ In its March 28, 2001 Order in Docket No. RT01-67-000, the Commission approved the following tariff provisions ~~of this Tariff, and~~ as part of its approval of a ten-year phase-in plan to mitigate cost shifts associated ~~attachments, governing~~ with the creation of the Transmission Provider: (i) the list of Transmission Rate Zones included in Attachment V, (ii) the methodology for crediting TDU facilities included in Section A.2 of Attachment H, (iii) the methodology for phasing out zonal transmission charges (and phasing in single system charges) included in Attachments H and I, and (iv) ~~the methodology for establishing a single system charge for new Transmission Investment included in Attachment I, and (v)~~ the methodology for phasing out of existing contracts that constitute rate pancakes included in Attachment T~~, shall not be amended~~. The Commission's approval of this mitigation plan does not restrict the Transmission Provider in the exercise of its unilateral right to propose changes in rate design under Section 205 of the ~~FPA or modified under Section 206 except upon a finding by the Commission that such provisions are contrary to the public interest~~ Federal Power Act, provided, however, that if, during the ten-year phase-in period, the Transmission Provider proposes a change in (i) through (iv) above that would materially affect the relative balance of benefits and burdens reflected in the cost shift mitigation plan approved in the March 28, 2001 Order, the Transmission Provider shall, as part of that proposed change in rate design, propose an alternative mechanism, such as revenue distribution, for maintaining the relative balance of benefits and burdens set forth in the mitigation plan.

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery. In addition to obtaining transmission service pursuant to this Part II, the Transmission Customer also must obtain any necessary rights over Flowgates in accordance with Attachment P. The Operating Protocol describes how the Transmission Provider will operate the Transmission System in order to provide Point-to-Point Transmission Service.

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Priority for Non-Flowgate Facilities: Long-Term Firm Point-To-Point Transmission Service over Non-Flowgate Facilities shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service. Non-Flowgate reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. If the Non-Flowgate Facilities become oversubscribed, requests for longer term

service may preempt requests for shorter term service up to the following deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transmission capability on Non-Flowgate Facilities is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service over Non-Flowgate Facilities will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff. Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Network Customers. Reservation priorities for existing firm service customers are

provided in Section 2.2.

13.3 Reservation Priority for Flowgates: Reservation priority for Flowgates shall be determined pursuant to Attachment P.

13.4 Service Agreements: The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

13.5 Transmission Customer Obligations for Facility Additions or Redispatch Costs: In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the

Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint more economically by arranging for the redispatch of generation resources than through constructing Network Upgrades, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service. Physical Transmission Rights Associated with new facilities shall be allocated in accordance with Attachment P.

13.6 **Curtailment of Firm Transmission Service:** In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. All Curtailments will be made in accordance with Attachment P. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail

Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

13.7 Classification of Firm Transmission Service:

(a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.

(b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single

Point of Receipt.

(c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of

Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery.

13.8 **Scheduling of Firm Point-To-Point Transmission Service:** Schedules for Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 9:00 a.m. of the day prior to commencement of such service. Schedules may be adjusted in accordance with the Schedule Adjustment Process under Attachment P. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted in accordance with Attachment P, provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour

schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14 Nature of Non-Firm Point-To-Point Transmission Service

14.1 Term: Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority For Non-Flowgate Facilities: Non-Firm Point-To-Point Transmission Service shall be available from transmission capability on Non-Flowgate Facilities in excess of that needed for reliable service to Network Customers, other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service, and Transmission Customers that

obtain transmission rights during the Day-Ahead Scheduling Process pursuant to Attachment P. A higher priority will be assigned to reservations with a longer duration of service. In the event Non-Flowgate Facilities are constrained, competing requests of equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service over Non-Flowgate Facilities will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers over Non-Flowgate Facilities from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

14.3 Reservation Priority for Flowgates: Transmission capacity for Flowgates shall be allocated in accordance with Attachment P.

14.4 Service Agreements: The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment ?) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

14.5 Classification of Non-Firm Point-To-Point Transmission Service: Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan the Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer exceeds its non-firm capacity reservation. Non-Firm Point-To-Point

Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service: Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 9:00 a.m. of the day prior to commencement of such service. Schedules may be adjusted in accordance with the Schedule Adjustment Process under Attachment P. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted in accordance with Attachment P, provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving

Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14.7 **Curtailment or Interruption of Service:** The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when, an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm

Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice. Priorities of Non-Firm Point-to-Point Transmission Service relative to Next-Day Buy Through Service are included in Attachment P hereto.

15 Service Availability

15.1 General Conditions: The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has acquired the

necessary rights to Flowgates as provided in Attachment P and that has met the requirements of Section 16.

15.2 Determination of Available Transmission Capability: The Transmission Provider shall be responsible for determining the available transmission capacity for the Transmission System, consistent with the Operating Protocol. A description of the Transmission Provider's specific methodology for assessing available transmission capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transmission capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study.

15.3 Initiating Service in the Absence of an Executed Service Agreement: If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the Transmission Provider to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service. The Transmission Provider shall commence providing Transmission Service subject to the Transmission

Customer agreeing to (i) compensate the Transmission Provider at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3.

15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System: If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on the Transmission System, the Transmission Provider will use due diligence to expand or modify its Transmission System in accordance with the Planning Protocol to provide the requested Firm Transmission Service provided the Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27. The Transmission Provider will conform to Good Utility Practice in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Provider has the right to expand or modify.

15.5 Deferral of Service: The Transmission Provider may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever the

Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

15.6 **Other Transmission Service Schedules:** Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

15.7 **Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The procedure for determining Real Power Losses is set out in Schedule 9.

15.8 **Service Over Flowgates:** Whenever a Point-To-Point Transmission Service request involves service over a Flowgate, the Transmission Provider shall grant such request if there is adequate transmission capacity on Non-Flowgate Facilities without considering whether there is available capacity on Flowgates. However, in order to schedule service over a Flowgate, the Transmission Provider must obtain the necessary rights to use the Flowgate, as provided in Attachment P. Furthermore, the Transmission Provider will continue to have

the obligation to expand transmission capacity of Flowgates to provide requested transmission service as provided in the Planning Protocol --Attachment N.

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers: Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

a. The Transmission Customer has pending a Completed Application for service;

b. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;

c. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation;

d. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3; and

e. The Transmission Customer has obtained all necessary rights to use Flowgates as provided in Attachment P.

16.2 Transmission Customer Responsibility for Third-Party Arrangements: Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

17 Procedures for Arranging Firm Point-To-Point Transmission Service

17.1 Application: A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: [Transmission Provider Name and Address], at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when

feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. Requests for Short-Term Firm Point-to-Point Transmission Service shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS.

17.2 **Completed Application:** A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

(i) The identity, address, e-mail address (if any), telephone number and facsimile number of the entity requesting service;

(ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

(iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;

(iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;

(v) A description of the supply characteristics of the capacity and energy to be delivered;

(vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;

(vii) The Service Commencement Date and the term of the requested Transmission Service; and

(viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

17.3 **Deposit:** A Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the Transmission Provider is unable to complete new facilities needed to

provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the Transmission Provider's account.

17.4 Notice of Deficient Application: If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies

in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

17.5 **Response to a Completed Application:** Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transmission capability as required in Section 15.2. The Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1. Responses by the Transmission Provider must be made as soon as practicable to all completed applications and the timing of such responses must be made on a non-discriminatory basis.

17.6 **Execution of Service Agreement:** Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no

later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 **Extensions for Commencement of Service:** The Transmission Customer can obtain up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity

concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

18 Procedures for Arranging Non-Firm Point-To-Point Transmission Service

18.1 Application: Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS.

18.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

(i) The identity, address, e-mail address (if any), telephone number and facsimile number of the entity requesting service;

(ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

(iii) The Point(s) of Receipt and the Point(s) of Delivery;

(iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and

(v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the

Transmission Customer to provide the following:

(vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and

(vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

18.3 Reservation of Non-Firm Point-To-Point Transmission Service: Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than three (3) days before service is to commence, and requests for hourly service shall be submitted no earlier than three (3) days before service is to commence. Requests for service received later than 2:00 p.m. two (2) days prior to the day service is to commence will be accommodated if practicable.

18.4 Determination of Available Transmission Capability: Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transmission capability pursuant to Section 15.2. The Transmission Provider shall notify Transmission Customers by 11:00 a.m. of the day prior to the day service is scheduled to commence whether their schedules for non-firm transmission service submitted in the Day-Ahead Scheduling Process will be accepted. The Transmission Provider shall notify Transmission Customers whether schedules submitted during the Schedule Adjustment Process will be accepted as soon as reasonably practicable after receipt.

19 Additional Study Procedures For Firm Point-To-Point Transmission Service Requests

19.1 Notice of Need for System Impact Study For Non-Flowgate Facilities: After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed to provide service on Non-Flowgate Facilities. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment ?. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service over Non-Flowgate Facilities, it shall so inform the Eligible Customer, as soon as practicable. In

such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

19.1A Notice of Need for System Impact Study For Flowgates: To the extent that a request for service involves the use of a Flowgate, the Transmission Provider shall so inform the Transmission Customer as soon as practicable and request whether the Transmission Customer wants the Transmission Provider to perform a System Impact Study to determine whether it is necessary to increase the capacity of the Flowgate to eliminate the constraint or to provide sufficient unallocated PTRs to satisfy the Transmission Customer's request. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. In order to obligate the

Transmission Provider to expand the capacity of the Flowgate, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, then the Transmission Provider shall have no obligation to expand the capacity of the Flowgate.

19.2 System Impact Study Agreement and Cost Reimbursement:

(i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

(ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the

requests for service, the costs of that study shall be pro-rated among the Eligible Customers.

19.3 **System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period, pursuant to the procedures in the Planning Protocol attached as Attachment N. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service over Non-Flowgate Facilities or to increase the capacity of a Flowgate. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of

completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

19.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request over Non-Flowgate Facilities or to increase the capacity of a Flowgate, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement with respect to Non-Flowgate Facilities, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. If the Eligible Customer elects not to execute the Facilities Study Agreement with respect to a Flowgate, the Transmission Provider shall be under no obligation to expand the capacity of that Flowgate. Upon receipt of an executed Facilities Study Agreement, the

Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period pursuant to the procedures in the Planning Protocol attached as Attachment N. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed

terminated and withdrawn.

19.5 **Facilities Study Modifications:** Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the Transmission Provider that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

19.6 **Due Diligence in Completing New Facilities:** The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service. The procedures for the construction of new facilities and upgrades are included in the Planning Protocol attached as Attachment N.

19.7 **Partial Interim Service:** If the Transmission Provider determines that it will not have adequate transmission capability over Non-Flowgate Facilities to satisfy the full amount of a Completed Application for Firm Point-To-Point

Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated over Non-Flowgate Facilities without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

19.8 **Expedited Procedures for New Facilities:** In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the Transmission Provider to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate the Transmission Provider for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the Transmission Provider agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that

may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Provider for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

20 Procedures if The Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

20.1 Delays in Construction of New Facilities: If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Transmission Provider shall promptly notify the Transmission Customer. In such circumstances, the Transmission Provider shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Provider also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Provider that is reasonably needed by the Transmission Customer to evaluate any alternatives.

20.2 Alternatives to the Original Facility Additions: When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

20.3 Refund Obligation for Unfinished Facility Additions: If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service over Non-Flowgate Facilities cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point

Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest pursuant to Commission regulations 35.19a(a)(2)(iii). However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended.

21 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities

21.1 Responsibility for Third-Party System Additions: The Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

21.2 Coordination of Third-Party System Additions: In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the

construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

22 Changes in Service Specifications

22.1 Modifications On a Non-Firm Basis: The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement ("Secondary Receipt and Delivery Points"), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to

the following conditions.

(a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff.

(b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.

(c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.

(d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) and of Attachment P with respect to Flowgates shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis: Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service: Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) the Transmission Provider's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Transmission Provider's cost of expansion. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition

set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. A Reseller should notify the Transmission Provider as soon as possible after any assignment or transfer of service occurs but in any event, notification must be provided prior to any provision of service to the Assignee. The Assignee will be subject to all terms and conditions of this Tariff, including the obligation to obtain rights to Flowgates as provided in Attachment P. If the Assignee requests a change in service, the reservation priority of service for the use of Non-Flowgate Facilities will be determined by the Transmission Provider pursuant to Section 13.2.

23.2 **Limitations on Assignment or Transfer of Service:** If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission System. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement,

except as specifically agreed to by the Parties through an amendment to the Service Agreement.

23.3 Information on Assignment or Transfer of Service: In accordance with Section 4, Resellers may use the Transmission Provider's OASIS to post transmission capacity available for resale.

24 Metering and Power Factor Correction at Receipt and Delivery Points(s)

24.1 Transmission Customer Obligations: Unless otherwise agreed, the Transmission Customer shall be responsible for the cost of installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

24.2 Transmission Provider Access to Metering Data: The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

24.3 Power Factor: Unless otherwise agreed, the Transmission Customer is required to maintain a power factor in accordance with Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

25 Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7) and Non-Firm Point-To-Point Transmission Service (Schedule 8).

26 Stranded Cost Recovery

Upon the request of a Divesting Owner or PO, the Transmission Provider shall seek to recover stranded costs on behalf of such Divesting Owners or PO from the applicable Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Divesting Owner or PO seeking stranded cost recovery first must have separately filed for and received authorization to collect any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

27 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved more economically by redispatching the Transmission Provider's resources than by building new facilities or upgrading existing facilities to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff. If Network Integration Transmission Service utilizes a Flowgate, the Transmission Customer must obtain rights to utilize that Flowgate in accordance with Attachment P. The Operating Protocol describes how the Transmission Provider will operate the Transmission System in order to provide Network Integration Transmission Service.

28 Nature of Network Integration Transmission Service

28.1 Scope of Service: Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located within the Transmission System and any additional load that may be designated pursuant to Section 31.3 of the Tariff.

The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3 and any necessary rights to Flowgates as provided in Attachment P.

28.2 Transmission Provider Responsibilities: The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load. The planning process that the Transmission Provider will use to ensure that these planning, construction, and service responsibilities are met is described in more detail in the Planning Protocol attached as Attachment M.

28.3 Network Integration Transmission Service: The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to service its Network Loads.

28.4 Secondary Service: The Network Customer may use the Transmission

Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff. Priorities of deliveries from resources that have not been designated as Network Resources relative to Next-Day Buy Through Service are included in Attachment P hereto.

28.5 Real Power Losses: Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors shall be determined as provided on Schedule 9.

28.6 Restrictions on Use of Service: The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which

requires use of the Transmission Provider's Transmission System.

29 Initiating Service

29.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that the Transmission Provider file a proposed unexecuted Service Agreement with the Commission, (iv) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G; and (v) the Eligible Customer obtains all necessary rights to use Flowgates as provided in Attachment P.

29.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration

Transmission Service over Non-Flowgate Facilities will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

(i) The identity, address, e-mail address if any, telephone number and facsimile number of the party requesting service;

(ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

(iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;

(iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;

(v) A description of Network Resources (current and 10-year projection), which shall include, for each Network Resource:
- Unit size and amount of capacity from that unit to be designated

as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions
  - Any periods of restricted operations throughout the year
  - Maintenance schedules
  - Minimum loading level of unit
  - Normal operating level of unit
  - Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost ($/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource
- Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to the Transmission Provider's Transmission System;

(vi) Description of Eligible Customer's transmission system:
- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- 10 year projection of system expansions or upgrades
- Transmission System maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and

(vii) Service Commencement Date and the term of the requested Network

Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

29.3 **Technical Arrangements to be Completed Prior to Commencement of Service:** Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have

completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

29.4 Network Customer Facilities: The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

29.5 Filing of Service Agreement: The Transmission Provider will file Service Agreements with the Commission in compliance with applicable Commission regulations.

30 Network Resources

30.1 Designation of Network Resources: Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources: The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made by a request for modification of service pursuant to an Application under Section 29. A Network Customer must obtain all rights to use any Flowgates necessary to transmit energy from the new Network Resource, as provided in Attachment P.

30.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource at

any time but should provide notification to the Transmission Provider as soon as reasonably practicable.

30.4 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus non-firm sales delivered pursuant to Part II of the Tariff, plus losses. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System.

30.5 Network Customer Redispatch Obligation: As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers.

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider: The Network Customer shall be responsible for any arrangements necessary to deliver capacity and

energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

30.7 **Limitation on Designation of Network Resources:** The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

30.8 **Use of Interface Capacity by the Network Customer:** There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

30.9 Network Customer Owned Transmission Facilities: A Network Customer that wishes to receive consideration for its Existing Facilities must satisfy the requirements of Section A.2 of Attachment H hereto.

31 Designation of Network Load

31.1 Network Load: The Network Customer must designate the individual Network Loads on whose behalf the Transmission Provider will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

31.2 New Network Loads Connected With the Transmission Provider: The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The Transmission Provider will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer, except as provided in Section 32.1A. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32.4 and shall be charged to the Network Customer in accordance with Commission policies.

31.3 Network Load Not Physically Interconnected with the Transmission Provider: This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

31.4 New Interconnection Points: To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Transmission Provider's Transmission System and a Network Load, the Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable. The Planning Protocol attached as Attachment N addresses the planning process for the construction of such new Delivery Points and interconnection points.

31.5 Changes in Service Requests: Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected in the Service Agreement. However, the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

31.6 Annual Load and Resource Information Updates: The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff, as required under the Planning Protocol attached as Attachment N. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

32 Additional Study Procedures For Network Integration Transmission Service Requests

32.1 Notice of Need for System Impact Study For Non-Flowgate Facilities: After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed to provide service over Non-Flowgate Facilities. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment ?. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service over Non-Flowgate Facilities, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

32.1A Notice of Need for System Impact Study For Flowgates: To the extent that a request for service involves the use of a Flowgate, the Transmission Provider

shall so inform the Transmission Customer as soon as practicable and request whether the Transmission Customer wants the Transmission Provider to perform a System Impact Study to determine whether it is necessary to increase the capacity of the Flowgate to eliminate the constraint or to provide sufficient unallocated PTRs to satisfy the Transmission Customer's request. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. In order to obligate the Transmission Provider to expand the capacity of the Flowgate, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, then the Transmission Provider shall have no obligation to expand the capacity of the Flowgate.

32.2 **System Impact Study Agreement and Cost Reimbursement:** (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies;

however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

(ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.

32.3 **System Impact Study Procedures:** Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period pursuant to the procedures in the Planning Protocol attached as Attachment N. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service over Non-Flowgate Facilities or to increase the capacity of a Flowgate. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The

Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service over Non-Flowgate Facilities or that no costs are likely to be incurred for new transmission facilities or upgrades to Non-Flowgate Facilities or to Flowgates. In order for a request to remain a Completed Application with respect to Non-Flowgate Facilities, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

32.4 **Facilities Study Procedures:** If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request over Non-Flowgate Facilities or to increase the capacity of a Flowgate, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application with respect to Non-Flowgate Facilities, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study

Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. In order for the Transmission Provider to be obligated to increase the capacity of a Flowgate, the Eligible Customer ~~also~~ also shall execute the Facilities Study Agreement regarding the study of Flowgate capacity and return it to the Transmission Provider within fifteen (15) days. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period pursuant to the procedures in the Planning Protocol attached as Attachment N. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform

Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

33 Load Shedding and Curtailments

33.1 Procedures: Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment. To the extent the Transmission Provider is required to curtail Transmission Service, such curtailments shall be made in accordance with Attachment P.

33.2 Transmission Constraints: During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions,

consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between any Network Customer's use of the Transmission System to serve its designated Network Load.

33.3 [reserved]

33.4 Curtailments of Scheduled Deliveries: If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Network Operating Agreement.

33.5 Allocation of Curtailments: The Transmission Provider shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, such curtailments shall be made in accordance with Attachment P.

33.6 Load Shedding: To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Network Customers to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.

33.7 System Reliability: Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network

Integration Transmission Service will be not unduly discriminatory. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34 Rates and Charges

34.1 Monthly Demand Charge and Other Charges: Each month, the Network Customer shall pay the Transmission Provider for (a) the Grid Management Charge, (b) any Direct Assignment Facilities costs, (c) in the case of a TDU, the cost of Existing Facilities ~~and New Transmission Investment~~ owned by the TDU or sold by the TDU to the Transmission Provider that is not included in Annual Zonal Transmission Costs or Annual System Transmission Costs~~;~~, (d) Ancillary Services costs~~;~~, (e) applicable study costs, consistent with Commission policy, and (f) all other costs provided in this Tariff. The Network Customer also will pay the charge specified under ~~(d) or (e) of this Section 34.1, plus the change under (f)~~(g), (h), and (i) of this Section 34.1: ~~(d)~~(g) the Zonal Monthly Demand Charge for each Transmission Rate Zone in which the Customer has designated Network Load, each of which such Zonal Monthly Demand Charges shall be determined by multiplying the Network Customer's Monthly Zonal Network Load for the Transmission Rate Zone, adjusted for losses calculated in accordance with Schedule 9 at the points where the Network Customer's Network Resources are injected into the Transmission

System, times 1/12 of the Zonal Rate, ~~(e)~~(h) a charge determined by multiplying ~~(i)~~(1) the Network Customer's hourly Network Load not physically interconnected with the Transmission Provider under Section 31.3 coincident with the Monthly Actual Transmission System Peak, adjusted for losses calculated in accordance with Schedule 9 at the points where the Network Customer's Network Resources are injected into the Transmission System, by ~~(ii)~~(2) 1/12 of the Through And Out Rate, ~~(f)~~(i) the Monthly System Charge, which shall be determined by multiplying the Network Customer's Monthly Transmission System Network Load, adjusted for losses calculated in accordance with Schedule 9 at the points where the Network Customer's Network Resources are injected into the Transmission System, times 1/12 of the System-Wide Rate.

34.1A Charge When A Party to a Transaction or an Affiliate or Associate of a Party to a Transaction Owns Transmission Facilities That are Located in the FRCC and That Are Not Included in a Commission-Approved Regional Transmission Organization Transmission Tariff:

(a) Notwithstanding the foregoing, and except as provided in subsection (b), if (i) any party to a transaction or affiliate or associate of a party to a transaction (other than a party selling power to the Network Customer), for which transaction transmission service is obtained hereunder, owns or controls any transmission facilities that are located in the FRCC and

that are not included in a Commission-approved Regional Transmission Organization transmission tariff, and (ii) that party, affiliate, or associate has not received an order from the Commission waiving the requirement for a transmission tariff for those transmission facilities, then the ~~Transmission~~ Network Customer shall ~~compensate~~ pay the charge under this Section 34.1A, in addition to the charges under Section 34.1, for each Transmission Rate Zone in which (a) the scheduled Network Resources plus scheduled resources utilized on a secondary basis pursuant to Section 28.4 exceed (b) the Network Load scheduled in the Transmission Rate Zone, including, as applicable, Network Load not physically interconnected with the Transmission Provider ~~each month for service at the sum of two times the applicable charges set forth under Section 34.1(d), (e), and (f).~~ Said additional charge shall equal the monthly Point-to-Point Transmission Service rate for the applicable Transmission Rate Zone, included in Sections 1 and 3 of Schedule 7, multiplied by the greatest number of MW by which (a) exceeds (b) in that Transmission Rate Zone during an hour in the month. In the event the Network Customer is a member organization obtaining transmission service on behalf of or to serve its members, and certain of the Network Customer's member organizations that own or control transmission facilities located in the FRCC have included such facilities in a

Commission-approved Regional Transmission Organization transmission tariff or obtained a waiver consistent with (ii) ("Complying Members"), while others have not ("Non-Complying Members"), then the applicable Point-to-Point Transmission Service charges under this Section shall be pro rated by the ratio of the number of MW of the Network Customer's Network Load during the hour associated with Non-Complying Members to the number of MW of the Network Customer's Network Load during the hour associated with Complying Members.

(b) The charge under subsection (a) shall not apply if the applicable transmission owner offers network and point-to-point transmission service on the transmission owner's transmission facilities to Eligible Customers at non-pancaked transmission rates ~~for any transaction using the Transmission System~~

34.2 [reserved]

34.3 [reserved]

34.4 Redispatch Charge: [reserved]

34.5 Stranded Cost Recovery

Upon the request of a Divesting Owner or PO, the Transmission Provider shall seek to recover stranded costs on behalf of such Divesting Owners or PO from the applicable Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and

procedures set forth in FERC Order No. 888. However, the Divesting Owner or PO seeking stranded cost recovery first must have separately filed for and received authorization to collect any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

35 Operating Arrangements

35.1 Operation under The Network Operating Agreement: The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

35.2 Network Operating Agreement: The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other

real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC) and the FRCC, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and the FRCC requirements. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

35.3 **Network Operating Committee:** A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

IV. GENERATOR INTERCONNECTION SERVICE

36 GIS Request Procedure

The GIS Request Procedure shall apply to all GIS Customers seeking to interconnect generation to the Transmission System or to add capacity or modify the operating characteristics of an existing generation facility connected to the Transmission System in a manner that materially impacts the Transmission System; provided, however, that the Transmission Provider shall be permitted to review and approve nonmaterial modifications to the capacity or operating characteristics of existing generation on an expedited basis without following the GIS Request Procedures. These procedures shall not apply to any generation facility already interconnected with the Transmission System as of the effective date of this Tariff, except to the extent that the capacity of such generation facility is increased or its operating characteristics are modified. The Transmission Provider shall serve as the central and only authority for receiving and processing GIS requests to interconnect with the Transmission System, although the Transmission Provider shall coordinate its processing and analysis of GIS requests with any PO whose transmission facilities will be affected by the interconnection. Requests to interconnect generation to the facilities of an LSE that are not part of the Transmission System shall be made to and processed by the LSE owning the facilities to which the generation is being connected. In such circumstances the LSE shall coordinate with the Transmission Provider in the processing and evaluation of the requested interconnection, consistent with Good Utility Practice.

37 Scope of GIS Service

GIS Service permits only the interconnection of a generation facility with the Transmission

System. Any request for Point-to-Point or Network Transmission Service related to the delivery of the power output of a proposed generation project is separate and distinct from GIS Service. The GIS Feasibility Study (and subsequently, if applicable, the GIS Facility Study) does not determine whether the Transmission System has sufficient capability to deliver any power to any Point of Delivery beyond the point of interconnection between the GIS Customer and the Transmission System. In order to determine whether any of the power output from the proposed generation project can be transmitted from the point of interconnection to a Point of Delivery, an application for transmission service must be submitted to Transmission Provider pursuant to and in accordance with Part II or III of this Tariff. In addition, a GIS Customer that seeks to have its generation facility qualify to be used to satisfy the Installed Capacity and Energy obligations under Attachment W of the Tariff may make a separate request at any time for the Transmission Provider to evaluate the deliverability of the output of the generation facility and the additional facilities, if any, necessary for that output to meet the deliverability requirements.

38 Initiating a GIS Request

To initiate a request for GIS, the GIS Customer shall submit all of the following:

(i) A ten thousand dollar refundable deposit via either wire transfer or cashiers check, which shall be applied to the GIS Customer's GIS studies cost responsibility;

(ii) The data sheets completed as instructed in Attachment R; and

(iii) Information that demonstrates that the GIS Customer has control of the proposed site. To show control, the GIS Customer must demonstrate, through an affiliated

company or directly in its name:

(a) that it is the owner in fee simple of the real property for the project for which GIS is sought; or

(b) that it holds a valid written leasehold interest in the real property for the project for which GIS is sought; or

(c) that it holds a valid written option to purchase or leasehold property for the project for which GIS is sought; or

(d) that it holds a duly executed written contract to purchase or leasehold the real property for which GIS is sought.

A request for GIS will not be considered a valid request until all of the above items have been received by the Transmission Provider. If a request for GIS fails to meet the requirements set forth in this Section 38, the Transmission Provider shall notify the entity requesting GIS service within 15 calendar days of receipt of the initial request of the reasons for such failure and that the request does not constitute a valid request.

39 Original Queue Priority Date

39.1 Establishment of Queue Priority Date

Each valid GIS request submitted pursuant to Section 38 shall be assigned a queue priority date based on the chronological sequence in which it was considered to be a valid request under Section 38. The queue priority date shall be used for the purpose of: (i) establishing the order in which the GIS studies set forth in Section 41 will be performed, (ii) for establishing the scope of the studies; (iii) for determining the priority of

interconnection at a given location; and (iv) for determining the amount of a GIS Customer's cost responsibility for the construction of facilities or upgrades necessary to accommodate its GIS request. The business day (Monday through Friday, excluding legal and public holidays) on which the initial valid request is received by Transmission Provider will establish the GIS Customer's queue priority date. Requests received on the same business day shall receive the same queue priority date.

39.2 Transferability of Queue Priority Date

The GIS Customer's queue priority date is project and site specific. A project's queue priority date may be transferred to another entity that purchases the specific project and retains the project at the same location, but otherwise is not transferable, assignable or capable of being leased or sold or otherwise possessed by another entity.

39.3 Queue Priority Date For Requests Submitted Prior to Effective Date of Tariff

Any interconnection request from the owner of a generation facility, including all generation facilities owned by a Divesting Owner or a PO, dated prior to the effective date of this Tariff to interconnect with transmission facilities of a Divesting Owner or a PO shall be given a queue priority date equal to the date that request was considered to be a valid request by the Divesting Owner or PO, provided that:

(i) if the GIS Feasibility Study has not commenced as of the effective date of this Tariff, then the request for GIS shall be processed in accordance with the provisions set forth in this Part IV of the OATT. Any deposit provided by the Customer to the Divesting Owner or PO shall be transferred to the Transmission Provider;

(ii) if the GIS Feasibility Study has commenced but is not completed as of the effective date of this Tariff, then the Transmission Provider shall coordinate with the Divesting Owner and PO in completing the GIS Feasibility Study. Once the GIS Feasibility Study is completed and the results of such study provided to the GIS Customer, the request for GIS shall be processed in accordance with the provisions set forth in this Part IV of the OATT;

(iii) if the GIS Facilities Study has commenced but is not completed as of the effective date of this Tariff, then the Transmission Provider shall coordinate with the Divesting Owner and PO in completing the GIS Facilities Study. Once the GIS Facilities Study is completed and the results of such study provided to the GIS Customer, the request for GIS shall be processed in accordance with the provisions set forth in this Part IV of the OATT; and

(iv) if the GIS Facilities Study has been completed but the Interconnection Agreement not yet been signed as of the effective date of this Tariff, then the Transmission Provider and the PO shall coordinate in finalizing the Interconnection Agreement as set forth in this Part IV of the OATT.

Any GIS Customer with an outstanding request as of the effective date of this Tariff may request a reasonable extension of any deadline otherwise applicable if necessary to avoid undue hardship or prejudice to its application. A reasonable extension shall be granted by the Transmission Provider to the extent consistent with the intent and process provided for under this Part IV. If a Divesting Owner or a PO has not submitted an interconnection request to itself for a proposed generation facility prior to the effective date of this Tariff, that Divesting Owner or PO must submit a request for such facility pursuant to the provisions of Part IV of this Tariff.

39.4 Establishment of Queue Priority For Existing Requests:

The Transmission Provider shall take the generation interconnection queues for the Divesting Owners and POs as of the effective date of this Tariff and shall develop an integrated queue priority for all generation interconnection requests on the Divesting Owners' and POs' queues. To the extent that a new Divesting Owner or PO transfers operational control of their transmission facilities to the Transmission Provider after the effective date of this Tariff, the Transmission Provider shall integrate any generation interconnection requests on such Divesting Owner's or PO's queue into the Transmission Provider's queue.

39.5 OASIS Posting of GIS Requests:

The Transmission Provider will maintain on its OASIS a list of all valid requests for GIS that have an established queue priority date, identifying for each request:

(i) The maximum net continuous generating capability (in megawatts) to be interconnected or added;

(ii) The location of the proposed generation requesting to be interconnected or added (generally the closest Transmission Provider transmission substation);

(iii) The queue priority date;

(iv) The status of the processing of the request;

(v) Whether an Interconnection Agreement has been executed and if so, the date of the execution;

~~and~~(vi) The projected or actual in-service date of the generation; and

~~(vi)~~ (vii) Any other information deemed necessary.

This queue posting shall be updated as necessary pursuant to the provisions of Part IV of this Tariff. The GIS Customer's name will not be included in the OASIS posting.

40 Information Review

Upon receipt of a valid request from a GIS Customer pursuant to Section 38, Transmission Provider will review the information provided and notify the GIS Customer within fifteen days of any minor deficiencies in the information provided or clarifications deemed necessary by the Transmission Provider to conduct the GIS studies. After the Transmission Provider sends any such notification requesting additional information, the GIS Customer shall provide the Transmission Provider the requested information within fifteen days to preserve the GIS Customer's original queue priority date.

41 GIS Studies

41.1 Scope of GIS Request Analysis

The analysis performed to analyze a GIS request is comprised of two (2) separate studies: a GIS Feasibility Study and a GIS Facilities Study. The GIS Feasibility Studies and GIS Facilities Studies will be performed in the order of queue priority dates to the extent projects would be impacted by projects with an earlier queue priority date. The GIS Feasibility Study shall identify:

(i) The requirements or potential impediments to providing the requested GIS; and

(ii) The interconnection facilities that may be needed as a result of a GIS Customer's interconnection of the proposed generation project to the Transmission System.

The GIS Facilities Study shall include a good faith estimate of:

(i) The interconnection facilities that are needed as a result of a GIS Customer's interconnection of the proposed generation project to the Transmission System;

(ii) The associated cost of such interconnection facilities identified in the GIS Facilities Study and the GIS Customer's responsibility for such costs, and

(iii) The time that will be required to construct such interconnection facilities.

The process for performing these studies is described in this Section 41.

41.2 GIS Study Agreement

After receiving a valid GIS request pursuant to Section 38, the Transmission Provider will send the GIS Customer within fifteen days a GIS Study Agreement ("Study Agreement") setting forth the terms and conditions pursuant to which a GIS Feasibility Study and a GIS Facilities Study will be performed. Included in the Study Agreement will be a good faith estimate of the cost and time to perform the GIS Feasibility Study ~~(normally ninety~~(sixty days), and an estimate of the time to perform the GIS Facilities Study ~~(normally ninety~~(sixty days). After the GIS Customer receives the Study Agreement, the GIS Customer must execute and return the Study Agreement and a refundable deposit in the amount of the estimated cost of the GIS Feasibility Study (less the $10,000 deposit already provided), which will be applied to the GIS Customer's GIS Feasibility Study cost responsibility. The executed Study Agreement and the additional deposit shall be provided to the Transmission Provider within 15 days of the GIS Customer's receipt of the Study Agreement to preserve the GIS Customer's original queue priority date. Since the estimated cost of performing the GIS Facilities Study and the date such study would commence are dependent on the completion and associated results of the GIS Feasibility Study, such information will be provided subsequent to the completion of the GIS Feasibility Study.

41.3 Start Date and Time of Completion for GIS Studies

Ordinarily, the Transmission Provider shall commence a GIS Feasibility Study upon the execution of the Study Agreement and the provision of all data required by Sections 38 and 40 necessary to perform the studies. However, to the extent that there are other GIS requests

with an earlier queue priority date that the Transmission Provider believes may have a material impact on the conclusions of such study, the Transmission Provider may not be able to commence the GIS Feasibility Study until studies of GIS requests with an earlier queue priority date are completed. The Study Agreement therefore will include an estimate of when the GIS Customer's GIS Feasibility Study can commence. Once work on the GIS Feasibility Study or the GIS Facilities Study commences, the Transmission Provider will use due diligence to complete such study within ~~the prescribed 90 day period or sooner if practicable~~ 60 days. In addition to utilizing its own personnel, the Transmission Provider will attempt to engage consultants as reasonably necessary to meet its study obligations under this Part IV. In the event that the GIS Feasibility Study cannot commence by the estimated start date, or the GIS Feasibility Study or GIS Facilities Study cannot be completed within ~~the prescribed 90 day time period~~ 60 days, the Transmission Provider shall so notify the GIS Customer and provide a new estimated start and/or completion date along with an explanation of the reason(s) why additional time is required to start and/or complete the required studies. The results of each study performed for a GIS Customer shall be provided to the GIS Customer immediately upon its completion.

41.4 GIS Facilities Study

Within 15 calendar days of the GIS Customer's receipt of the results of the GIS Feasibility Study, Transmission Provider shall provide the GIS Customer an estimate of the cost to perform the GIS Facilities Study. For a GIS Customer request to retain its queue priority date, the GIS Customer shall within fifteen days of receiving the estimate of the cost to

perform the GIS Facilities Study:

(i) inform Transmission Provider in writing of its decision to proceed with the GIS Facilities Study; and

(ii) provide the additional deposit (less any amount of the previous deposit that was not expended) in the amount estimated for performance of such study.

If the GIS Customer elects not to proceed with the GIS Facilities Study or fails to provide notice of its decision to the Transmission Provider within 15 days of receiving the cost estimate for performing the GIS Facilities Study, its application shall be deemed withdrawn pursuant to Section 45, below.

41.5 Costs of Studies

The charge for the GIS Feasibility Study and the GIS Facilities Study shall equal the actual cost of the studies. In performing the studies, the Transmission Provider shall utilize the best available information and shall consider results from existing studies, as applicable. The GIS Customer will not be assessed a charge for the Transmission Provider using information from existing studies; however, the GIS Customer will be responsible for any charges associated with any changes to existing studies that are reasonably necessary to evaluate the impact of the GIS Customer's request for GIS.

41.6 Coordination With POs

In conducting the GIS Feasibility Study and the GIS Facilities Study, the Transmission Provider shall coordinate in the processing and analysis of the GIS request with any PO that owns transmission facilities that will be affected by the proposed interconnection. Each PO

shall promptly respond to any reasonable requests from the Transmission Provider for information, data, or analysis and for any other assistance in conducting the GIS Studies. A PO shall provide the Transmission Provider with an accounting of its actual costs in responding to any such requests to be included in the total study costs incurred by the Transmission Provider that are the responsibility of the GIS Customer.

42 Unilateral Changes by the GIS Customer to Original GIS Request

42.1 Changes Resulting From Studies

The GIS Customer shall have a one-time right, subject only to the exception noted below, to reasonably modify its initial request submitted pursuant to Section 38 without changing its queue priority date if such modifications result from the findings of the GIS Feasibility Study or the GIS Facilities Study. Any such request for modification shall be made within fifteen days after receipt of the GIS Feasibility Study or GIS Facilities Study, shall be in writing and shall state the reason(s) why the results of the GIS Feasibility Study or the GIS Facilities Study warranted such modification. If the GIS Customer modifies its request after receipt of the GIS Feasibility Study it shall not be permitted to also modify its request after receipt of the GIS Facilities Study and still retain its queue priority date, unless the results of the GIS Facilities Study indicate a finding that was unforeseen in the results of the GIS Feasibility Study. Modifications permitted under this section shall be limited to: (1) lowering the amount of generation of the proposed project; (2) modifying the technical parameters associated with the generator or the generator step up transformer impedance characteristics; and/or (3) modifying the interconnection configuration. Upon receipt of a

GIS Customer's requested modification under this Section, the Transmission Provider shall commence and perform any necessary additional studies as soon as practicable. The GIS Customer may request, in writing, whether a modification of the request is material under this section. GridFlorida shall respond in writing within 15 days of receipt of such request.

42.2 Material Changes Not Resulting From Studies

If, at any time during the process for the GIS studies, (1) the GIS Customer makes a material change(s) or substitution to data (including but not limited to in-service date, project scope, location of project, etc.) not resulting from a GIS study that has already been reviewed or accepted as sufficient; and (2) that material change or substitution requires the Transmission Provider to conduct a significant re-review, re-analysis or re-study of the GIS Customer's request, then the GIS Customer's original initial request shall be deemed null and void and withdrawn pursuant to Section 45, below. In such instance(s), such change(s) shall be treated as a new initial request and the GIS Customer shall be assigned a new queue priority date based on the date that the GIS Customer complies with the provisions for a valid request and all its provisions shall be re-started and apply, except that the remaining balance of the GIS Customer's original deposit shall apply to the new request. Prior to making any change or substitution, a GIS Customer may first request that the Transmission Provider state whether such change or substitution is material, and any disputes over the Transmission Provider's response shall be subject to dispute resolution.

43 Revised Queue Priority Date (Non-Compliance with Sections 40 and/or 41)

If the Transmission Provider does not receive the requested information within fifteen days, as provided for in Section 40, and/or the executed Study Agreement and the refundable deposit within the time frames prescribed in Section 41.2 above, the GIS Customer's queue priority date will be changed to the later of:

(i) The date the Transmission Provider receives the requested information; or

(ii) The date the Transmission Provider receives both the executed Study Agreement and the associated deposit.

Additionally, the GIS Customer shall have sixty days from the date the GIS Customer receives notice of the deficiency to satisfy the requirements of this Section 43 in order to avoid having to completely initiate a new request. If the GIS Customer does not comply with the provisions of this Section 43 within the prescribed time frame, the application shall be deemed void and withdrawn pursuant to Section 45, below.

44 Interconnection Agreement

44.1 The Decision Period

After the GIS Customer receives a completed GIS Facilities Study from the Transmission Provider, the GIS Customer shall have a thirty day period (the "Decision Period") in which to decide whether to proceed with the proposed request for GIS. If the Transmission Provider does not receive a notice from the GIS Customer within the Decision Period that the GIS Customer wishes to proceed, its request shall be deemed withdrawn pursuant to Section 45, below. If the GIS Customer wishes to proceed with the request for GIS, it must:

(i) Notify the Transmission Provider in writing that it does wish to proceed; and

(ii) Demonstrate to the Transmission Provider that it:

(a) Has or is in the process of obtaining necessary federal, state and local regulatory and permitting requirements;

(b) Controls or is in the process of obtaining fuel delivery systems; and

(c) Has executed or is in the process of executing a contract for the purchase or an option to purchase major pieces of equipment with scheduled delivery dates such that the project is commercially on line by the date specifically delineated in Attachment R.

44.2 The Negotiation Period

Upon the GIS Customer's satisfaction of Section 44.1 above, the Transmission Provider shall tender to the GIS Customer a draft Interconnection Agreement. The Transmission Provider shall use its reasonable efforts to provide a draft Interconnection Agreement ~~to the GIS Customer~~ within 30 days~~, but in any event shall provide a draft Interconnection Agreement within 60 days~~. The GIS Customer and the Transmission Provider shall then have a ninety (90) calendar day period (the "Negotiation Period") from the GIS Customer's receipt of the draft Interconnection Agreement in which to negotiate and execute an Interconnection Agreement. If the parties have not executed an Interconnection Agreement within the Negotiation Period, the GIS Customer shall inform Transmission Provider in writing whether: (1) it wishes to submit the remaining disputes to binding arbitration; or (2) it wishes the Transmission Provider to submit the Interconnection Agreement in unexecuted

form to FERC for filing (in which case the GIS Customer shall agree to be bound by whatever terms and conditions the FERC determines are appropriate); otherwise, its request shall be deemed to be withdrawn pursuant to Section 45. In the event that the GIS Customer requests that the Interconnection Agreement be filed at FERC in unexecuted form, the Transmission Provider shall make the filing within 15 days of receipt of the GIS Customer's request.

44.3 Construction of Interconnection Facilities

The Interconnection Agreement shall specify the facilities to be designed and constructed by the Transmission Provider and any affected PO(s) and the schedule for the design and construction of those facilities. In the event that a PO does not agree to undertake such design and construction activities within a reasonable time, or otherwise does not meet such obligations, the Transmission Provider shall perform such activities for the PO and the PO shall cooperate with the Transmission Provider to provide any assistance and access necessary for that purpose. Alternatively, the Transmission Provider and the GIS Customer may agree to execute an Interconnection Agreement and request the Commission to rule on reserved issues.

44.4 Interconnection Agreement Milestones

The Interconnection Agreement shall require the GIS Customer to meet certain predefined milestones (e.g., federal, state and local regulatory and permitting requirements, site control, purchase or options to purchase major pieces of equipment with scheduled delivery dates such that the project is commercially on line by the date and as specified in Attachment R;

~~fuel supply contracts~~, fuel delivery arrangements scheduled to be operational such that the project is commercially on line by the date and as specified in Attachment R, etc.) in order to maintain its position in the queue. The milestones may reasonably be extended in the event of delays beyond the reasonable control of the GIS Customer.

44.5 Coordination With POs

In the event that a GIS request involves facilities owned or leased by a PO, the Transmission Provider shall provide to such PO a copy of any draft Interconnection Agreement provided to the GIS Customer and shall keep the PO informed of the status of negotiations concerning the Interconnection Agreement, including any request that the Transmission Provider file the Interconnection Agreement in unexecuted form.

44.6 Optional Reimbursement Agreement for Accelerated Treatment of Proposed Facilities

Where a GIS Customer determines that it may not be able to meet its targeted in-service date if certain engineering, design, procurement or construction activities with long lead times are not started prior to the execution of an interconnection agreement, a GIS Customer has the option of entering into an agreement with the Transmission Provider at any time prior to the execution of an interconnection agreement to authorize the Transmission Provider to commence earlier engineering, design, procurement, or construction activities that may be required to interconnect the GIS Customer to the Transmission Provider's facilities. The GIS Customer may exercise this option only upon furnishing the Transmission Provider adequate financial security to cover these activities, and at the GIS Customer's sole risk that some or all of the work undertaken by the Transmission Provider may not be required.

45 Right of Withdrawal

The GIS Customer shall have the right to withdraw its GIS request at any time. The Transmission Provider shall also have the right to deem that the request has been withdrawn pursuant to the applicable provisions of this GIS procedure. Any of the GIS Customer's deposit received shall be returned to the GIS Customer, less any expenses incurred by Transmission Provider in processing the request for GIS up to the date of the withdrawal, with interest calculated in accordance with Section 35.19a of FERC's regulations.

46 Notices

Any and all deposits, information, requests, submissions or notifications to Transmission Provider required by this Part IV shall be sent to:

Transmission Provider Mailing Address

Any initial or other request, submittal of deposits or other submissions, demands, notifications or any other transmittal to or by either Transmission Provider or the GIS Customer required herein shall be made in writing and shall be delivered by express next-day delivery service. Neither Transmission Provider nor the GIS Customer will accept verbal, fax or e-mail submissions. The receipt of any and all deposits, payments, requests, information, submissions, demands, notifications or any other transmittal from the GIS Customer to the Transmission Provider or from the Transmission Provider to the GIS Customer contemplated herein shall be deemed to be on the next business day following delivery to the express delivery service provider, provided that the recipient may demonstrate that it actually received the transmittal on a later date, and upon such demonstration the later date shall be the receipt date. The transmitting entity shall include in its transmittal the date on which it believes any response to the transmittal is due. Any transmittal required within a time period prescribed herein must be received by no later than the close of

business on the last day of such time period. The last day of any time period is included in the time period, unless it is a Saturday, Sunday or a legal public holiday, in which case the period does not end until the next business day.

47 Charges for GIS

47.1 Directly Assigned Costs

47.1.1 Generator Interconnection Facilities

The GIS Customer shall own and be responsible for designing, engineering, permitting, constructing, maintaining and operating, and for other attendant costs, for those interconnection facilities identified in the Facilities Study which are required for GIS and that are not considered to be part of the Transmission System, hereinafter referred to as GIS Facilities. Attachment P to the Tariff provides guidelines for identifying GIS Facilities. All costs associated with GIS Facilities, including costs incurred by the Transmission Provider or PO in support of the GIS Customer designing, engineering, permitting, constructing, maintaining and operating GIS Facilities including any costs imposed on the Transmission Provider or PO for any federal, state or local taxes, will be the responsibility of the GIS Customer.

47.1.2 Third Party Facilities

The GIS Customer is responsible for arranging for the installation of any third party facilities required for the requested GIS. Payment for such facilities shall be arranged between the third party and the GIS Customer. The Transmission Provider will undertake reasonable efforts, in accordance with Section 21 of the Tariff, to assist the GIS Customer in making such arrangements.

47.2 GIS System Upgrades

GIS System Upgrades are those facilities specified in the Facilities Study and that are considered to be part of the Transmission System as specified in Attachment Q of the Tariff.

(a) To the extent GIS System Upgrades are located on the existing Transmission System (e.g., within a substation or a right-of-way considered to be part of the Transmission System), the Transmission Provider or the PO, as applicable, shall be responsible for designing, engineering, permitting, constructing and maintaining such GIS System Upgrades identified in the Facilities Study that are required for GIS. All costs associated with the GIS System Upgrades, including associated costs imposed on the Transmission Provider or PO for any federal, state or local taxes, will be initially the responsibility of the GIS Customer. Within ten (10) days of acceptance by the FERC of the Interconnection Agreement, or at a time otherwise agreed to in the Interconnection Agreement by the GIS Customer and Transmission Provider in accordance with the construction schedule set forth therein, , the GIS customer shall:(i) enter into a mutually acceptable security arrangement, and (ii) put in place a and payment schedule for the estimated costs of the GIS System Upgrades located on the Transmission System. The Interconnection Agreement will also include terms governing adjustments to such security arrangement and payment schedule, as applicable, based on actual GIS system upgrade costs.

(b) To the extent GIS System Upgrades are not located on the existing Transmission System (e.g., within a substation or a right-of-way

considered the existing Transmission System), the GIS Customer shall be responsible for designing, engineering, permitting and constructing such facilities identified in the Facilities Study which are required for GIS. All associated costs, including costs imposed on the Transmission Provider or PO for any federal, state or local taxes, will be initially the responsibility of the GIS Customer.

47.3 Credits for GIS System Upgrades

When the GIS System Upgrades are completed and the transmission service is used to transmit power from the GIS generation facility, credits will be provided to the GIS Customer on a dollar for dollar basis until such time as the GIS system upgrade costs have been fully offset. The credits will be provided as described below.

47.3.1 Credits Associated With Point-To-Point Transmission Service

For each MW of Reserved Capacity associated with Point-to-Point transmission service pursuant to Part II of the Tariff and where the GIS Customer's generating facility is the source of power, the Transmission Provider shall provide a monthly credit on the GIS Customer's bill equal to the charges for such Firm Point-To-Point Transmission Service. If party other than the GIS Customer is the Transmission Customer for such Point-to-Point transmission service, the Transmission Provider shall, at the request of the GIS Customer, assign all or part of the credit to that Transmission Customer.

47.3.2 Credits Associated With Network Transmission Service

If the GIS Customer's generation facility is designated as a Network Resource pursuant to Part III of the Tariff, the Transmission Provider shall, at the request of the GIS Customer, provide a monthly credit on the Network Customer's bill up to (a) the ratio of

the ~~MWH provided by the generation facility in the~~ unit's net MW capacity designated as a Network Resource by the Network Customer during the peak hour(s) of the Network Customer's applicable billing determinants to the total ~~MWH~~ net MW of the Designated Network ~~Load~~ Resources of the Network Customer during such hour(s), multiplied by (b) the Network Customer's applicable monthly transmission service charges.

47.4 Dual Use Facility Interconnection Costs

Except as otherwise provided for in the Interconnection Agreement, the Transmission Provider or the PO, as applicable, shall be responsible for the use and maintenance for dual use facilities which are required for GIS. Attachment P to the Tariff provides guidelines for determining the responsibility for charges for dual use facilities, including associated costs imposed for any federal, state or local taxes.

V. SCHEDULING COORDINATORS

48 Scheduling Coordinators

48.1 Responsibilities of a Scheduling Coordinator:

Scheduling Coordinators may act as agents for Transmission Customers for all purposes of this Tariff, to the extent requested by the Transmission Customer. However, the Transmission Provider will only accept requests for transmission reservations and schedules for Energy and Ancillary Services from Scheduling Coordinators, and the Transmission Provider will bill only the Scheduling Coordinator for transmission service provided to Transmission Customers. Each Scheduling Coordinator shall:

(1) Provide confirmation that it has been certified as a Scheduling Coordinator pursuant to Section 48.2;

(2) Identify each of the Eligible Customers on the Transmission Provider's Transmission System which it is authorized to represent as a Scheduling Coordinator;

(3) Confirm that each of the Eligible Customers it represents on the Transmission Provider's Transmission System is eligible for Transmission Service;

(4) Demonstrate to the Transmission Provider's reasonable satisfaction that the financial criteria set out in Section 48.5 have been met; and

(5) Demonstrate to the Transmission Provider's reasonable satisfaction that each LSE served by the Scheduling Coordinator has executed a Reliability Agreement with the Transmission Provider as provided in Section I.F of the Operating Protocol (Attachment O).

48.2 Certification: A Transmission Customer may also be a Scheduling Coordinator. All Divesting Owners and POs and existing Network Customers and Long-Term Firm Point-to-Point Transmission Customers as of the effective date of this Tariff who perform a scheduling function automatically shall be certified as Scheduling Coordinators, provided that they maintain their credit worthiness as provided in the relevant OATT of the Divesting Owner or PO in effect immediately prior to the effectiveness of this Tariff. The Transmission Provider will certify additional Scheduling Coordinators in accordance with the following application procedures. A completed SC Application Form must be furnished to the Transmission Provider at least sixty (60) days before the date on which the applicant proposes to commence service as a Scheduling Coordinator. A completed SC Application must provide all of the following information:

(i) The identity, address, telephone number and facsimile number of the SC Applicant;

(ii) Evidence that items (1)-(5) of Section 48.1 have been satisfied;

(iii) A statement of qualifications that will demonstrate to the Transmission Provider's reasonable satisfaction that it is capable of performing the functions of a Scheduling Coordinator under this Tariff including, without limitation, the functions specified in Sections 48.3 and 48.4;

(iv) A statement that the Customers represented by the SC Applicant are, or will be upon commencement of service, Eligible Customers under the Tariff; and

(v) A verification of creditworthiness pursuant to Section 48.5.

The Transmission Provider will review the application for certification of SC Applicants and may request additional information, clarification or documentation from the SC Applicant needed to process the application within fifteen (15) days of receiving the SC Application Form. The SC Applicant will have fifteen (15) days or such longer period as the Transmission Provider may agree, to respond. If the SC Applicant fails to respond within the agreed time period, the application is deemed withdrawn. Within ten (10) days after the SC Applicant has provided all of the additional information requested by the Transmission Provider, the Transmission Provider will notify the SC Applicant in writing whether its application has been accepted or rejected. If the application is rejected, such notice will contain a written explanation of the reasons for the rejection.

48.3 Responsibilities: The Scheduling Coordinator shall be responsible for:

(1) Paying the Transmission Provider's bill in accordance with this Tariff for all Transmission Service Ancillary Services provided to any Transmission Customer represented by the Scheduling Coordinator and any other payments required pursuant to this Tariff by any other entity represented by the Scheduling Coordinator, provided that this provision shall not relieve any Transmission Customer or other entity obligated to make payments to the Transmission Provider from the responsibility of making such payments if they are not made when due by its Scheduling Coordinator;

(2) Submitting balanced schedules for all entities for which it serves as Scheduling Coordinator;

(3) Coordinating and allocating curtailments and interruptions in Load and the altering of schedules in accordance with this Tariff;

(4) Scheduling deliveries to or from other Scheduling Coordinators; and

(5) Identifying all Eligible Customers which it represents and promptly notifying the Transmission Provider of any change in these Eligible Customers.

48.4 Operation of Scheduling Coordinators: Each Scheduling Coordinator will maintain a scheduling center for the purposes of communicating with the Transmission Provider on a real time basis. Each Scheduling Coordinator will at all times in which it has scheduled transactions on the Transmission System have present a designated member of its staff who will be responsible for operational communications with the Transmission Provider and who will have sufficient authority to commit and bind the Scheduling Coordinator.

48.5 Security Deposit: A Scheduling Coordinator must (1) maintain an Approved Credit Rating acceptable to the Transmission Provider or (2) provide one of the following forms of security for an amount described below:

(a) An irrevocable direct pay letter of credit confirmed by a bank or financial institution reasonably acceptable to the Transmission Provider;

(b) An unconditional and irrevocable guarantee by a company which has and maintains an Approved Credit Rating; or

(c) A cash deposit standing to the credit of an interest bearing escrow account maintained at a bank or financial institution reasonably acceptable to the Transmission Provider.

(d) Other similar financial instruments acceptable to the Transmission Provider.

The form of security shall be in an amount equivalent to the estimated cost of two months of Transmission and Ancillary Service for all of the Scheduling Coordinator's Transmission Customers for whom Transmission Service is being provided under this Tariff. The Transmission Provider will, following termination of a SC Certification pursuant to Section 48.7 and within thirty (30) days of being satisfied that no sums remain owing by the Scheduling Coordinator under this Tariff, return or release to the Scheduling Coordinator, as appropriate, any money or credit support provided by such Scheduling Coordinator to the Transmission Provider under this Section. The SC has an ongoing obligation to notify the Transmission Provider within three business days of changes to its credit rating. The Transmission Provider reserves the right to review the SC's creditworthiness periodically and to require the SC to submit an alternate form of security if necessary.

48.6 Termination of SC Certification: A Scheduling Coordinator's Certification can be terminated by

(1) the Transmission Provider on written notice:

(a) if the Scheduling Coordinator no longer meets the requirements set forth in Section 48.1;

(b) if the Scheduling Coordinator fails to pay any sum under Section 48.3(1) or any other provision of this Tariff and fails to remedy the default within a period of seven (7) days after the Transmission Provider has given written notice of the default; or

(c) if the Scheduling Coordinator commits any other default under this Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the Transmission Provider has given written notice of the default; or

(2) by the Scheduling Coordinator on sixty (60) days written notice to the Transmission Provider, provided that such notice will not be effective to terminate the Certification until the Scheduling Coordinator has complied with all applicable requirements of Section 48.4. The Transmission Provider will, as soon as reasonably practicable following the occurrence of any of the events specified above notify the Scheduling Coordinator and each of the Customers as noticed to it under Section 48.1 that the Certification is being terminated. Each affected Customer must make arrangements to be served by a new Scheduling Coordinator.

SCHEDULE 1

Scheduling, System Control and Dispatch Service

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

Rates

The rates for Scheduling, System Control and Dispatch Service applicable for the upcoming calendar year will be developed by December 1 of each year based on projected data. The rates and resultant charges will be subject to true-up based on the actual load data consistent with Attachment U and actual cost data recorded for the year. True-ups will be calculated on an annual basis by June 1 of each year.

The rates for Scheduling, System Control and Dispatch Service are as follows:

1) Annual Scheduling Rate = Scheduling Costs / (the sum of the Monthly Projected Transmission System Peaks for the next calendar year)

2) Monthly Scheduling Rate = Scheduling Costs / (the sum of the Monthly Projected Transmission System Peaks for the next calendar year)/ 12

3) Weekly Scheduling Rate = Scheduling Costs/ (the sum of the Monthly Projected Transmission System Peaks for the next calendar year)/ 52

4) Daily Scheduling Rate = Scheduling Costs/ (the sum of the Monthly Projected Transmission System Peaks for the next calendar year)/ 52/5

5) Hourly Scheduling Rate = Scheduling Costs/ (the sum of the Monthly Projected Transmission System Peaks for the next calendar year/ 52/5/16

Scheduling Costs

Scheduling Costs = Account 561 + Scheduling Revenue Credits

Scheduling Revenue Credits (deduction to expenses) = the Schedule 1 revenues for transmission transactions not reflected in Monthly Projected Transmission System Peaks + revenues received for providing security coordinator services, reported as a credit.

Billing Determinants

A Point-to-Point Transmission Service Customer's charge for Scheduling, System Control and Dispatch Service will be based on its Reserved Capacity. The total charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in MW of transmission service reserved in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for hourly or daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in MW of transmission service reserved in any hour during such week.

A Network Customer's charge each month will be determined by multiplying the Monthly Scheduling Rate times the Network Customer's Monthly Actual Transmission System Peak for the applicable month. ~~This charge will include the Transmission Provider's FERC Account 561 costs. Participating Owners will collect their Account 561 costs in their revenue requirements.~~

SCHEDULE 2

Reactive Supply and Voltage Control from

Generation Sources Service

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities.

All generators will be required to provide reactive power as part of their Interconnection Agreements with the Transmission Provider. ~~Existing generators, i.e., generators that are operational as of the date this Tariff is placed into effect, shall provide reactive power consistent with their power factor range capabilities.~~ The Transmission Provider will define a single power factor requirement, which will be consistent with NERC and FRCC requirements, that all ~~other~~ generators must meet as part of their interconnection requirements~~. This requirement will be consistent with NERC and FRCC requirements and will be applied on a non-discriminatory basis for all new generation.~~, provided that generators that are operational or planned and under construction as of the date this Tariff is placed into effect and that do not have the capacity to satisfy such requirement shall provide reactive power consistent with their existing power factor range capabilities. A generator's power factor range capability shall be the facility's design rating, not its maximum safe performance level.

~~GridFlorida~~ The Transmission Provider will determine the reactive power requirements of each generator in real time.

Generators will not be compensated for Reactive Supply and Voltage Control from Generation Sources Service, provided that to the extent a generator must reduce its real power output to provide or absorb reactive power in response to Transmission Provider dispatch instructions outside of the reactive requirements included in the applicable interconnection-related agreement, the generator will be compensated for its lost opportunity costs. A generator's lost opportunity costs in an hour in which the generator was required to reduce its real power output to provide or absorb reactive power will be equal to the energy clearing price in the Congestion Zone in which the generator is located, calculated pursuant to Attachment P, for the hour. The opportunity costs paid to generators in an hour shall be allocated to all firm MWh of transmission service during that hour, which shall be equal to the MWh of transmission service provided to Transmission Customers to load within the Transmission System plus the MWh of transmission through or out of the Transmission System during the hour.

SCHEDULE 3

Regulation and Frequency Response Service

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). Regulation Service will be provided in accordance with Attachment P of this Tariff.

SCHEDULE 4

Balancing Service

Balancing Service is the use of incs and decs by the Transmission Provider in real-time to deliver energy to or acquire energy to balance the Transmission Provider's system during an hour. Balancing Service will be provided in accordance with Attachment P of this Tariff.

SCHEDULE 5

Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output. Spinning Reserve Service will be provided in accordance with Attachment P of this Tariff.

SCHEDULE 6

Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time determined by GridFlorida consistent with FRCC rules. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load. Supplemental Reserve Service will be provided in accordance with Attachment P of this Tariff.

SCHEDULE 7

Long-Term Firm and Short-Term Firm Point-To-Point

Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth below. Reserved Capacity must include losses calculated in accordance with Schedule 9 at the Point(s) of Receipt.

1) **Service to a Point of Delivery Within a Transmission Rate Zone**

For service to a Point of Delivery within a Transmission Rate Zone, i.e., for service to load within that Transmission Rate Zone, including to a TDU or other load serving entity that does not join GridFlorida but is located within a Transmission Rate Zone (which also is subject to Section 4 of this Schedule 7), Transmission Customer shall pay the following charge:

A) **Yearly delivery**: Up to the Zonal Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per year to Points of Delivery within the Transmission Rate Zone.

B) **Monthly delivery**: Up to 1/12 of the Zonal Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per month to Points of Delivery within the Transmission Rate Zone.

C) **Weekly delivery**: Up to 1/52 of the Zonal Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per week to Points of Delivery within the Transmission Rate Zone.

D) **Daily delivery**: Up to 1/260 of the Zonal Rate, multiplied by the

Transmission Customer's MW of Reserved Capacity per day to Points of Delivery within the Transmission Rate Zone.

The total charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (1)(C) above times the highest amount in MW of Reserved Capacity in any day during such week.

2) **Through and Out Service**

For Firm Point-to-Point Transmission Service that is not provided to a Point of Delivery within a Transmission Rate Zone, other than service to a TDU or other load serving entity that does not join GridFlorida and that is charged pursuant to Section 1 of this Schedule 7, Transmission Customer shall pay the following charge:

A) **Yearly delivery**: Up to the Through And Out Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per year to Points of Delivery outside the Transmission Rate Zones (other than service to a TDU or other load serving entity that does not join GridFlorida and that is charged pursuant to Section 1 of this Schedule 7).

B) **Monthly delivery**: Up to 1/12 of the Through And Out Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per month to Points of Delivery outside the Transmission Rate Zones (other than service to a TDU or other load serving entity that does not join GridFlorida and that is charged pursuant to Section 1 of this Schedule 7).

C) **Weekly delivery**: Up to 1/52 of the Through And Out Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per week to Points of Delivery outside the Transmission Rate Zones (other than service to a TDU or

other load serving entity that does not join GridFlorida and that is charged pursuant to Section 1 of this Schedule 7).

D) **Daily delivery**: Up to 1/260 of the Through And Out Rate, multiplied by the Transmission Customer's MW of Reserved Capacity per day to Points of Delivery outside the Transmission Rate Zones (other than service to a TDU or other load serving entity that does not join GridFlorida and that is charged pursuant to Section 1 of this Schedule 7).

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2)(C) above times the highest amount in MW of Reserved Capacity in any day during such week.

3) **System-Wide Access Charge**

In addition to the applicable charges pursuant to Sections 1 and 2 of this Schedule 7, Transmission Customer shall pay the following charge:

A) **Yearly delivery**: Up to the System-Wide Rate, multiplied by the Transmission Customer's total MW of Reserved Capacity per year.

B) **Monthly delivery**: Up to 1/12 of the System-Wide Rate, multiplied by the Transmission Customer's total MW of Reserved Capacity per month.

C) **Weekly delivery**: Up to 1/52 of the System-Wide Rate, multiplied by the Transmission Customer's total MW of Reserved Capacity per week.

D) **Daily delivery**: Up to 1/260 of the System-Wide Rate, multiplied by the Transmission Customer's total MW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the charge specified in section (3)(C) calculated based on the highest amount in MW of Reserved Capacity in any day during such week.

4) **Direct Assignment Charges and Grid Management Charge**: In addition to the applicable charges pursuant to Sections 1, 2, and 3 of this Schedule 7, the Transmission Customer shall pay (a) the Grid Management Charge, calculated in accordance with Schedule 10, (b) any Direct Assignment Facilities costs, and (c) in the case of a TDU, the cost of Existing Facilities owned by the TDU or sold by the TDU to the Transmission Provider that is not included in Annual Zonal Transmission Costs or Annual System Transmission Costs.

5) **Charge When A Party to a Transaction or an Affiliate or Associate of a Party to a Transaction Owns Transmission Facilities That are Located in the FRCC and That Are Not Included in a Commission-Approved Regional Transmission Organization Transmission Tariff**:

(a) Notwithstanding the foregoing, and except as provided in subsection (b), if (i) any party to a transaction or affiliate or associate of a party to a transaction, for which transaction transmission service is obtained hereunder, owns or controls any transmission facilities that are located in the FRCC and that are not included in a Commission-approved Regional Transmission Organization transmission tariff, and (ii) that party, affiliate, or associate has not received an order from the Commission waiving the requirement for a transmission tariff for those transmission facilities, then during the first nine Tariff Years the Transmission Customer shall ~~compensate the Transmission Provider each~~

~~month for Reserved Capacity at the sum of two times the applicable charges set forth above for transmission service to that party, affiliate, or associate or to serve load on that party's, affiliate's, or associate's transmission system.~~ pay for service in accordance with the following provisions:

(iii) For service to a Point of Delivery within a Transmission Rate Zone, all charges applicable to such service under this Tariff shall apply. In addition, when the Point of Receipt is located in a different Transmission Rate Zone than the Point of Delivery, the Transmission Customer shall pay the charge applicable for use of the Transmission Rate Zone in which the Point of Receipt is located, as calculated in accordance with Sections 1 and 3 of this Schedule 7 based on the Transmission Customer's MW of Reserved Capacity.

(iv) For Through and Out Service, the Transmission Customer shall pay for the use of Existing Facilities the higher of (a) the charge calculated pursuant to Sections 2 and 3 of this Schedule 7 or (b) the charge applicable to use of the Transmission Rate Zone in which the Point of Receipt is located plus the charge for use of the Transmission Rate Zone in which the Point of Delivery is located, as calculated in accordance with Sections 1 and 3 of this Schedule 7, both calculated based on the Transmission Customer's MW of Reserved Capacity. The Transmission Customer also shall pay all other charges applicable to such service under this Tariff.

(b) The charge under subsection (a) shall not apply if the applicable transmission

owner offers network and point-to-point transmission service on the transmission owner's transmission facilities to Eligible Customers at non-pancaked transmission rates ~~for any transaction using the Transmission System~~.

6) **Discounts**: Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System. Nothing in this Section shall limit the applicability of Section 4 of this Schedule 7 to a party to a transaction or an affiliate of a party to a transaction that owns transmission facilities that are not included in a Commission-approved Regional Transmission Organization transmission tariff.

7) **Exceeded Reservations**: In the event that the Transmission Customer exceeds its firm Reserved Capacity (excluding losses) at a Point of Delivery, the Transmission Customer's Reserved Capacity shall be increased for billing purposes by the amount of the excess for the entire term of the transmission service.

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below. Reserved Capacity must include losses calculated in accordance with Schedule 9 at the Point(s) of Receipt.

1) **Monthly delivery**: Charges up to each applicable charge under Sections 1, 2, and 3 of Schedule 7 for monthly Firm Point-to-Point Transmission Service.

2) **Weekly delivery**: Charges up to each applicable charge under Sections 1, 2, and 3 of Schedule 7 for weekly Firm Point-to-Point Transmission Service.

3) **Daily delivery**: Charges up to each applicable charge under Sections 1, 2, and 3 of Schedule 7 for daily Firm Point-to-Point Transmission Service.

4) **Hourly delivery**: The charges for hourly delivery shall be up to each applicable charge for daily delivery/16.

The total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in MW of Non-Firm Point-to-Point Transmission service reserved in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in MW of Non-Firm Point-to-Point Transmission service reserved in any hour during such week.

5) **Direct Assignment Charges and Grid Management Charge**: In addition to the applicable charges pursuant to Sections 1 through 4 of this Schedule 8, the Transmission

Customer shall pay (a) the Grid Management Charge, calculated in accordance with Schedule 10, (b) any Direct Assignment Facilities costs, and (c) in the case of a TDU, the cost of Existing Facilities owned by the TDU or sold by the TDU to the Transmission Provider that is not included in Annual Zonal Transmission Costs or Annual System Transmission Costs.

6) **Charge When A Party to a Transaction or an Affiliate or Associate of a Party to a Transaction Owns Transmission Facilities That are Located in the FRCC and That Are Not Included in a Commission-Approved Regional Transmission Organization Transmission Tariff:**

(a) Notwithstanding the foregoing, and except as provided in subsection (b), if (i) any party to a transaction or affiliate or associate of a party to a transaction, for which transaction transmission service is obtained hereunder, owns or controls any transmission facilities that are located in the FRCC and that are not included in a Commission-approved Regional Transmission Organization transmission tariff, and (ii) that party, affiliate, or associate has not received an order from the Commission waiving the requirement for a transmission tariff for those transmission facilities, then during the first nine Tariff Years the Transmission Customer shall ~~compensate the Transmission Provider each month for Reserved Capacity at the sum of two times the applicable charges set forth above.~~pay for the use of Existing Facilities in accordance with the following provisions:

(iii) For service to a Point of Delivery within a Transmission Rate Zone, all charges applicable to such service under this Tariff shall apply. In

addition, when the Point of Receipt is located in a different Transmission Rate Zone than the Point of Delivery, the Transmission Customer shall pay up to the charge applicable to use of the Transmission Rate Zone in which the Point of Receipt is located, as calculated in accordance with Sections 1 and 3 of this Schedule 7 based on the Transmission Customer's MW of Reserved Capacity.

(iv) For Through and Out Service, the Transmission Customer shall pay for the use of Existing Facilities up to the higher of (a) the charge calculated pursuant to Section 2 of Schedule 7 or (b) the charge applicable to use of the Transmission Rate Zone in which the Point of Receipt is located plus the charge for use of the Transmission Rate Zone in which the Point of Delivery is located, as calculated in accordance with Sections 1 and 3 of Schedule 7, both calculated based on the Transmission Customer's MW of Reserved Capacity. The Transmission Customer also shall pay all other charges applicable to such service under this Tariff.

(b) The charge under subsection (a) shall not apply if the applicable transmission owner offers network and point-to-point transmission service on the transmission owner's transmission facilities to Eligible Customers at non-pancaked transmission rates ~~for any transaction utilizing the Transmission System for transmission service to that party, affiliate, or associate or to serve load on that party's, affiliate's, or associate's transmission system~~.

7) **Discounts**: Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System. Nothing in this Section shall limit the applicability of Section 5 of this Schedule 8 to a party to a transaction or an affiliate of a party to a transaction that owns transmission facilities that are not included in a Commission-approved Regional Transmission Organization transmission tariff.

8) **Exceeded Reservations**: In the event that the Non-Firm Transmission Service provided to the Transmission Customer exceeds the reserved amount (excluding losses) at the Point of Delivery, the Transmission Customer shall be charged (i) for hourly Non-Firm Transmission Service, 200 percent of the applicable charges under this Schedule 8 for the amount of Non-Firm Transmission Service that exceeds the reservation, (ii) for all other Non-Firm Transmission Service, the Transmission Customer's reservation amount shall be increased for billing purposes by the amount of the excess for the entire term of the transmission service.

SCHEDULE 9

Losses

1) Scheduling Coordinators are responsible for submitting their schedules to provide for supply of the n st applicable transmission will be determined in accordance with this Schedule 9.

2) Subject to Section 4, for Firm Point-to-Point Transmission Service to a Point of Delivery that is located within a Transmission Rate Zone and for Network Transmission Service to Network Load that is located within a Transmission Rate Zone the transmission loss factor shall be the loss factor for the Transmission Rate Zone in which the Point of Delivery or Network Load is located. The Transmission Rate Zones' loss factors are as follows:

(a) Florida Power & Light Transmission Rate Zone: 2.19 percent

(b) Tampa Electric Company Transmission Rate Zone: 1.45 percent

(c) Florida Power Corporation Transmission Rate Zone: 2.24 percent

3) Subject to Section 4, for Firm Point-to-Point Transmission Service to a Point of Delivery that is not located within a Transmission Rate Zone and for Network Transmission Service to Network Load not physically interconnected with the Transmission Provider under Section 31.3 the loss factor shall be calculated on an average basis. The transmission loss factor applicable to such service is to be filed.

4) Each hour, the Transmission Provider will calculate (i) total actual transmission losses for the Transmission System during the hour and (ii) the difference between the total actual transmission ~~The Applicants will propose a methodology to account~~

~~for~~ losses in the ~~future. The Applicants commit to making a supplemental filing within 90 days.~~ hour and losses allocated to Scheduling Coordinators under Sections 2 and 3 for the hour. Said difference will be allocated to all MWh of transmission service on the Transmission System during the hour.

SCHEDULE 10

Grid Management Charge and FERC Assessment

1) The Transmission Customer shall pay the Transmission Provider the Grid Management Charge ("GMC") and for FERC Assessments, as provided in this Schedule 10.

2) Grid Management Charge

a. The GMC applicable for the upcoming calendar year will be developed by December 1 of each year based on projected data. The GMC will be subject to true-up based on the actual load data consistent with Attachment U and actual cost data recorded for the year. The GMC true-up will be calculated on an annual basis by June 1 of each year to reflect actual costs and load data for the prior year. The GMC shall be calculated as follows:

(i) Annual GMC = (Start-Up Costs + Administrative Costs + Market Monitoring Costs + Revenue Credits)/ (the sum of the Monthly Projected Transmission Peaks for the next calendar year)

(ii) Monthly GMC = (Start-Up Costs + Administrative Costs + Market Monitoring Costs + Revenue Credits)/ (the sum of the Monthly Projected Transmission Peaks for the next calendar year)/ 12

(iii) Weekly GMC = (Start-Up Costs + Administrative Costs + Market Monitoring Costs + Revenue Credits)/ (the sum of the Monthly Projected Transmission Peaks for the next calendar year)/ 52

(iv) Daily GMC = (Start-Up Costs + Administrative Costs + Market

Monitoring Costs + Revenue Credits)/ (the sum of the Monthly Projected Transmission Peaks for the next calendar year)/ 52/5

(v) Hourly GMC = (Start-Up Costs + Administrative Costs + Market Monitoring Costs + Revenue Credits)/ (the sum of the Monthly Projected Transmission Peaks for the next calendar year)/ 52/5/16

(vi) A Point-to-Point Transmission Service Customer's charge will be based on its Reserved Capacity. The total charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the rate specified in section (iv) above times the highest amount in MW of transmission service reserved in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for hourly or daily delivery, shall not exceed the rate specified in section (iii) above times the highest amount in MW of transmission service reserved in any hour during such week.

(vii) A Network Customer's charge each month will be determined by multiplying the Monthly GMC specified in section (ii) above times the Network Customer's Monthly Actual Transmission System Peak for the applicable month.

b. Start-Up Costs = (Start-Up Rate Base) * Return + Start-Up Expenses + Start-Up Taxes. Initially, Start-Up costs will be estimated costs, subject to Commission approval.

(i) Start-Up Rate Base = Gross Balance of Start-Up Costs less amortization to-date in Account 182.3 - Accumulated Deferred

Income Taxes associated with Start-Up Costs in Accounts 281-283 offset by Account 190. Balances will be based on simple averages of beginning-of-year and end-of-year balances.

(ii) Return = Per book Capitalization Ratio for Long-term Debt * Cost of Long-term Debt + Per book Capitalization Ratio for Preferred Stock Capital * Cost of Preferred Stock Capital + Per book Capitalization Ratio for Common Equity * Cost of Common Equity

(iii) Start-Up Expenses = amortization of the gross balance of Start-Up Costs in Account 182.3 based on a five year amortization schedule

(iv) Start-Up Taxes = Start-Up Income Taxes

(a) Start-Up Income Taxes = Start-Up Rate Base * (Per book Capitalization Ratio for Common Equity * Cost of Common Equity + Per book Capitalization Ratio for Preferred Stock Capital * Cost of Preferred Stock Capital) * (Composite Federal and State Income Taxes Rate)/(1- Composite Federal and State Income Tax Rate)

(b) Composite Federal and State Income Tax = Federal Income Taxes Rate + State Income Tax Rate – Federal Income Taxes Rate * State Income Tax Rate

c. Administrative Costs1/ = Administrative O&M Expenses + General Rate

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1/ The Transmission Provider will allocate, where appropriate, a portion of the cost of corporate service accounts to the management of transmission assets owned by the Transmission Provider.

Base * Return + Administrative and General Taxes + General Plant Depreciation Expenses

(i) Administrative O&M Expenses = Sum of Accounts 901-917 and 920-923 and 925-933 (excluding any of the following: the amortization of any start-up costs, market monitoring charges, any rental payments to the Divesting Utilities or Participating Utilities included in Account 931, and any FERC assessment charges recovered as direct assignments from GridFlorida's customers included in Account 928) + Property Insurance associated with General Plant + Maintenance of General Plant

(a) Property Insurance associated with General Plant = (Simple average of beginning-of-year and end-of-year balances of Accounts 389-399 less the original cost of general plant transferred to GridFlorida from the Divesting Utilities)/ Total Plant-in-Service * Account 924

(b) Maintenance of General Plant = Account 935 * (Simple average of beginning-of-year and end-of-year balances of Accounts 389-399 less the original cost of any general plant transferred from the Divesting Utilities)/ Total in Accounts 389-399

Depreciation on General and Intangible Plant - Accumulated Deferred Income Taxes on General and Intangible Plant + Working Capital

associated with administrative costs + General Plant Held For Future Use

(a) General and Intangible Plant = Simple average of beginning-of-year and end-of-year balances of Accounts 301 through 303 and 389-399 less the original cost of general plant transferred to GridFlorida from the Divesting Utilities

(b) Accumulated Depreciation on General and Intangible Plant = Simple average of beginning-of-year and end-of-year balances of Accounts 108 and 111 associated with General and Intangible Plant as defined above

(c) Accumulated Deferred Income Taxes = Simple average of beginning-of-year and end-of-year amounts associated with General and Intangible Plant as defined above in Accounts 281-283, offset by Account 190

(d) Working Capital = 1/8 * Administrative O&M Expenses

(e) General Plant held for Future Use = Simple average of beginning-of-year and end-of-year balances of Account 105 associated with General Plant. Amounts shall be limited to land and land right held for future use.

(iii) Return = Per book Capitalization Ratio for Long-term Debt * Cost of Long-term Debt + Per book Capitalization Ratio for Preferred Stock Capital * Cost of Preferred Stock Capital + Per book Capitalization

Ratio for Common Equity * Cost of Common Equity2/

(iv) Administrative and General Taxes = General Income Taxes + Administrative Payroll Taxes + General Property Taxes + General Miscellaneous Taxes

(a) General Income Taxes = General Rate Base * (Per book Capitalization Ratio for Common Equity * Cost of Common Equity + Per book Capitalization Ratio for Preferred Stock Capital * Cost of Preferred Stock Capital) * (Composite Federal and State Income Taxes Rate)/(1- Composite Federal and State Income Tax Rate)

(1) Composite Federal and State Income Tax = Federal Income Taxes Rate + State Income Tax Rate – Federal Income Taxes Rate * State Income Tax Rate

(b) Administrative Payroll Taxes = (Administrative Payroll)/Total Payroll * Total Payroll Taxes

(1) Administrative Payroll = Payroll in Accounts 901-917 and 920-935 (excluding the amortization of any start-up costs and market monitoring charges)

(c) General Property Taxes = General and Intangible Plant as defined above/ Total plant-in-Service * Total Property Taxes

(d) General Miscellaneous Taxes = General and Intangible Plant as

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2/ Cost of Common Equity to be filed.

defined above/ Total plant-in-Service * Miscellaneous Taxes

(v) General Plant Depreciation = Amounts in Account 403-405, 407.3 and 407.4 associated with General and Intangible Plant as defined above

d. Market Monitoring Costs = sum of point accounts established by the Transmission Provider to track costs associated with market monitoring

e. Revenue Credits (deduction to expenses) = Schedule 10 revenues for transmission transactions not reflected in Monthly Projected Transmission System Peak, reported as a credit.

3) FERC Assessment

(a) Each year GridFlorida shall determine, and each Transmission Customer receiving service under the Tariff shall pay to the Transmission Provider, a pro-rata share of the total annual charge assessed by the FERC pursuant to 18 CFR Part 382, Annual Charges Under the Omnibus Budget Reconciliation Act of 1986 ("FERC Assessment Charge").

(b) The total FERC Assessment Charge to be paid by the Transmission Customer shall be the sum of the following:

(i) The product of (i) the amount of electric energy (expressed in megawatt hours) transmitted over the Transmission System of the Transmission Provider for the Transmission Customer under the Tariff during the assessment period and (ii) the applicable FERC Assessment rate as such rate appears on the appropriate FERC Statement of Annual Charges. The Transmission Customer will provide to the Transmission Provider any information needed for the calculation of

such charge.

(ii) The pro rata share of FERC Assessment Charges identified by each Participating Owner for transmission services to Transmission Customers during the period the Participating Owner was a Transmission Provider and for which the Transmission Customer would otherwise be responsible for payment to the Participating Owner. The Participating Owner shall provide to the Transmission Provider the information necessary for the pro rata recovery of such charges from each Transmission Customer who received service during the assessment period.

c) The FERC Assessment Charge will normally be assessed in the year

year ice e vent that he

Commission (or any successor agency) changes the method it utilizes to calculate the FERC Assessment Charge, the FERC Assessment Charge will be calculated in a manner consistent with such changed methodology so as to assign to the Transmission Customer a pro rata share of the FERC Assessment Charge. The Transmission Customer shall have the obligation to pay such revised FERC Assessment Charge upon its determination by the Transmission Provider.

Transmission Provider within 30 days of notification of the determination of otal FERC Assessment Charge. Within 30 days of receipt of payments from Transmission Customers, the Transmission Provider shall provide to each

Participating Owner the FERC Assessment Charge associated with transmission service during the period the Participating Owner was a Transmission Provider.

4)~~I.~~ The Transmission Provider shall maintain a set of financial statements and records in accordance with the Commission's Uniform System of Accounts.

~~2. The Transmission Provider shall, at least sixty days before it begins operations, file a formula for calculating the Grid Management Charge. The formula shall include the following components:~~ SCHEDULE 11

~~2.1 Start Up Costs~~

~~2.1.1 Start up costs include costs incurred by entities that are Participating Owners and Divesting Owners up to the date of the Transmission Provider's initial operations and costs incurred by the Transmission Provider (or any interim entity formed to establish the Transmission Provider). Start up costs will include the following reasonably incurred costs:~~

~~2.1.1.1 Collaborative process costs, including meetings, facilitators, conference calls and meeting support.~~

~~2.1.1.2 Computer development costs, including the hardware, software and other equipment license fees.~~

~~2.1.1.3 Project management costs, including salaries for any RTO interim personnel, recruiting fees, relocation, interview expenses, and outside auditing.~~

~~2.1.1.4 Development and regulatory expense costs, including the costs of feasibility studies, developing the RTO structure and tariff and support for the structure in regulatory proceedings.~~

~~2.1.1.5 Training costs.~~

~~2.1.1.6 Legal and consultant costs, building, leases and equipment costs, and labor costs (i.e. the salaries for interim Transmission Provider personnel and the fully-loaded labor costs of Participating Owner and Divesting Owner employees that are dedicated to the RTO project).~~

~~2.1.2 All such costs must be accounted for in accordance with the Uniform System of Accounts.~~

~~2.1.3 The Transmission Provider will reimburse the Participating Owners and Divesting Owners for these start up costs in accordance with the PO Management Agreement or applicable agreement between the Transmission Provider and Divesting Owner.~~

~~2.1.4 The start up costs incurred by the Transmission Provider, as well as the costs reimbursed pursuant to Section 2.1.3, will be capitalized in a separate account. These capitalized costs shall be amortized on a monthly basis for 5 years (60 months) and~~

~~recovered through this Grid Management Charge from all customers taking service under this Tariff. The monthly amortization, as well as a return on the unamortized balance, will be recovered through the Grid Management Charge.~~

~~2.1.5 All start-up costs recoverable under the Grid Management Charge must be auditable.~~

~~2.2 Administrative Costs~~

~~Administrative costs shall include all reasonably incurred costs necessary for the Transmission Provider to carry out its business that are not separately accounted for under this Tariff.~~

~~2.3 Payments to the Market Monitor~~

~~The Transmission Provider will pay to Market Monitoring Corporation, Market Monitoring Corporation's approved budget pursuant to the Market Monitoring Tariff. The payments from the Transmission Provider to Market Monitoring Corporation will be included in the Grid Management Charge.~~

~~2.4 Credits to the Grid Management Charge~~

~~The Grid Management Charge will be reduced by revenues received by the Transmission Provider for conducting System Impact Studies and Facilities Studies, and for providing security coordinator services to third parties.~~
~~Schedule 11~~

~~Black Start~~ System Restoration Service

~~Black Start~~ System Restoration Service is a necessary service for system reliability. System ~~black start~~ Restoration capability is an essential component of GridFlorida's restoration plan and must be under the control of GridFlorida in order to allow orderly restoration of the Transmission System in the event of a full or partial system shut down.

~~Black Start~~ System Restoration Service Requirements

1.1 GridFlorida will determine the amount and locations of ~~black start~~ System Restoration capability required. The ~~black start~~ System Restoration capability available to GridFlorida as of the commencement of operations of GridFlorida shall,

at a minimum, consist of the existing ~~black start~~ System Restoration units of Divesting Owners and POs. GridFlorida also will administer a procurement process for ~~Black Start~~ System Restoration Service. Scheduling Coordinators may offer eligible generating units to provide ~~Black Start service~~ System Restoration Service in this process.

1.2 When determining ~~Black Start~~ System Restoration requirements, GridFlorida's considerations will include the following technical requirements: (i) the location of the generating unit; (ii) the start-up time of the generating unit; (iii) the maximum response rate of the generating unit in MW/minutes above minimum output; and (iv) maximum MW output of the unit.

2 Payments for ~~Black Start~~ System Restoration Service

GridFlorida shall enter into bilateral agreements with each Scheduling Coordinator for the ~~Black Start~~ System Restoration generating units selected in the annual process.~~[PAYMENTS FOR BLACK START NEED TO BE DETERMINED]~~

3 Charges for ~~Black Start~~ System Restoration Service

Each Transmission Customer shall be allocated and shall pay a pro-rata share of the total payments made to suppliers of ~~Black Start~~ System Restoration Service each month on the basis of their total billing determinants for transmission services for the month.

4 Certification and Testing of ~~Black Start~~ System Restoration Resources

GridFlorida shall establish the minimum technical standards for a generator to qualify to provide ~~black start service~~ System Restoration Service and shall post these on its website. GridFlorida must certify generating units as eligible to provide ~~Black Start service~~ System Restoration Service. Annually, each ~~Black Start~~ System Restoration generating unit will be

tested by GridFlorida to ensure its ability to provide ~~Black Start service~~ System Restoration Service in accordance with the terms of its agreement with GridFlorida. GridFlorida shall establish standards and procedures for annual testing. If the generating unit does not pass the annual test, the generating unit shall lose its certification and the Scheduling Coordinator shall receive no further ~~Black Start~~ System Restoration Service payments for that generating unit until the unit is certified by GridFlorida as capable of providing ~~Black Start service~~ System Restoration Service.

ATTACHMENT A

Form Of Service Agreement For
Firm Point-To-Point Transmission Service

1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ ("Transmission Customer").

2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.

3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.

4.0 Service under this agreement shall commence on the later of (l) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.

5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.

6.0 The Transmission Customer hereby designates that its Scheduling Coordinator for purposes of scheduling services under this Agreement shall be:

_____

7.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

_____

_____

_____

Transmission Customer:

_____

_____

_____

8.0 The Tariff is incorporated herein and made a part hereof.

9.0 Other terms and conditions applicable to service under this Agreement are as follows: [add any terms and conditions specific to the transaction]

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: _____ _____ _____
Name Title Date

Transmission Customer:

By: _____ _____ _____
Name Title Date

Specifications For Long-Term Firm Point-To-Point Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

_____

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): _____

6.0 Designation of party(ies) subject to reciprocal service obligation: _____
_____ _____
_____
_____

7.0 Name(s) of any Intervening Systems providing transmission service: _____
_____

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge:_____

_____

8.2 System Impact and/or Facilities Study Charge(s):

_____

_____

8.3 Direct Assignment Facilities Charge:_____

_____

8.4 Ancillary Services Charges: _____

_____

_____

_____

_____

_____

_____

8.5 Grid Management Charge and FERC Assessment:_____

ATTACHMENT B

Form Of Service Agreement For Non-Firm Point-To-Point Transmission Service

1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ (Transmission Customer).

2.0 The Transmission Customer has been determined by the Transmission Provider to be a Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff.

3.0 Service under this Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer.

4.0 The Transmission Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.

6.0 The Transmission Customer hereby designates that its Scheduling Coordinator for purposes of scheduling services under this Agreement shall be:

_____

7.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

_____

_____

_____

Transmission Customer:

_____

_____

_____

8.0 The Tariff is incorporated herein and made a part hereof.

9.0 Other terms and conditions applicable to service under this Agreement are as follows: [add any terms and conditions specific to the transaction]

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By:_____ _____ _____
Name Title Date

Transmission Customer:

By:_____ _____ _____
Name Title Date

ATTACHMENT C

Methodology To Assess Available Transmission Capability

To be filed by the Transmission Provider

ATTACHMENT D

Methodology for Completing a System Impact Study

To be filed by the Transmission Provider

ATTACHMENT E

Index Of Point-To-Point Transmission Service Customers

Customer	Date of Service Agreement

ATTACHMENT F

Service Agreement For
Network Integration Transmission Service

To be filed by the Transmission Provider

ATTACHMENT G

Network Operating Agreement

To be filed by the Transmission Provider

ATTACHMENT H

Annual Zonal Transmission Costs

A. Description of Calculation of Annual Zonal Transmission Costs

1. The revenue requirement to be recovered in Annual Zonal Transmission Costs shall include (i) the approved, accepted, or otherwise effective revenue requirements of the Existing Facilities of Non-Transmission-Dependent Utilities that form the Transmission Rate Zone and (ii) in accordance with Section A.2 of this Attachment H, the approved, accepted, or otherwise effective revenue requirements of the Existing Facilities of TDUs within that Transmission Rate Zone.

2. A TDU that sells its Existing Facilities to the RTO or signs the PO Management Agreement to transfer control of its Existing Facilities to the Transmission Provider, and that receives Network Integration Transmission Service under this Tariff for its entire load, may request compensation for its Existing Facilities under one of the two following options, provided that the TDU must make a one-time election of one of these two options for all its Existing Facilities at the time it joins the RTO. A TDU that does not turn over ownership or operational control of its facilities to the Transmission Provider, or that continues to receive network transmission service or its functional equivalent under an Existing Transmission Agreement or its functional equivalent, shall not be eligible for credits.

a. Option 1

i. A TDU's Existing Facilities shall be included in Annual Zonal Transmission Costs if the TDU demonstrates that such facilities (i) are integrated with the Transmission System, (ii) provide additional benefits to the Transmission System in terms of capability and reliability, and (iii) can be relied upon for the coordinated operation of the Transmission System.

ii. A TDU electing this option must submit appropriate documentation to the Commission to show that its Existing Facilities satisfy these standards. At such time as the Commission issues a final order concluding that the standards are satisfied, the entire revenue requirement for such facilities shall be included in the Annual Zonal Transmission Costs. Any facilities that the Commission does not find satisfy the standards of this paragraph shall not be included in Annual Zonal Transmission Costs.

b. Option 2: Commencing in the first Tariff Year of the Transmission Provider's operations, and continuing each Tariff Year during a five-year phase-in plan, an additional 20 percent of the revenue requirement of the TDU's Existing Facilities shall be included in the applicable Annual Zonal Transmission Costs.

~~2~~ 3. A phase-out of zonal rates for Existing Facilities shall begin in Tariff Year six of Transmission Provider operations. This phase-out will be accomplished by moving an additional 20 percent of the Annual Zonal Transmission Costs for each Transmission Rate Zone (including any revenue requirements of TDUs included in the Annual Zonal Transmission Costs) to the Annual System Transmission Costs each Tariff Year during the 6-10 year transition period. Accordingly, beginning in Tariff Year 10 of Transmission Provider operations, the Annual Zonal Transmission Costs for each Transmission Rate Zone shall be 0.

B. Revenue Requirements

The ~~gross~~ approved, accepted, or otherwise effective revenue requirement to be recovered in Annual Zonal Transmission Costs for each Transmission Rate Zone are included in Attachments H-1 to H-[__] hereto. Each such Attachment includes the ~~gross~~ revenue requirement of the Existing Facilities that form the Transmission Rate Zone. Revenue credits included in the Annual Zonal Transmission Costs also are included in Attachments H-1 to H-[__] hereto. The Transmission Provider shall post on its OASIS the Annual Zonal Transmission Costs calculated under Section C below for each Transmission Rate Zone, including each input in the formula under Section C.

C. Formula For Calculating Annual Zonal Transmission Costs

AZTC = (RR*(1-AF2)) + (TDURR*(AF1 - AF2)) + (ZRC*(1-AF2)) + EF,

where

AZTC = The Annual Zonal Transmission Cost for the applicable Transmission Rate Zone.

RR = The ~~gross~~ approved, accepted, or otherwise effective revenue requirements for the Existing Facilities that form the Transmission Rate Zone included in this Attachment H, to the extent such costs are not directly assigned to a Transmission Customer, of (i) the Transmission Provider, (ii) the Participating Owners and Divesting Owners that are not TDUs, and (iii) TDUs that are Participating Owners or Divesting Owners and that have satisfied Section A.2.a.ii of this Attachment H.

TDURR = The ~~gross~~ approved, accepted, or otherwise effective revenue requirements for the Existing Facilities of all TDUs that form the Transmission Rate Zone included in this Attachment H, to the extent such costs are not directly assigned to a Transmission Customer or included in RR, provided that the revenue requirements of a TDU that does not turn over ownership or operational control of its facilities to the Transmission Provider, or that continues to receive network transmission service or its functional equivalent under an Existing Transmission Agreement, shall not be included in TDURR.

AF1 = 20 percent in Tariff Year 1 of Transmission Provider operations, 40 percent in Tariff Year 2 of Transmission Provider ~~operations,60~~ operations, 60 percent in Tariff Year 3 of Transmission Provider ~~operations,80~~ operations, 80 percent in Tariff Year 4 of Transmission Provider operations, and 100 percent in each Tariff Year of Transmission Provider operations thereafter.

AF2 = 0 percent in Tariff Years 1-5, 20 percent in Tariff Year 6 of Transmission Provider operations, 40 percent in Tariff Year 7 of Transmission Provider ~~operations,60~~ operations, 60 percent in Tariff Year 8 of Transmission Provider ~~operations,80~~ operations, 80 percent in Tariff Year 9 of Transmission Provider and 100 percent in each Tariff Year of Transmission Provider operations thereafter.

ZRC = Transmission revenues from Long-Term Firm Point-to-Point Transmission Service, Short-Term Firm Point-to-Point Transmission Service, and Non-Firm Point-to-Point Transmission Service under this Tariff that terminate within the

Transmission Rate Zone, calculated based on the prior year's transactions, reported as a credit.

EF = Revenues received by the applicable Divesting Owner or Participating Owner pursuant to agreements that provide long-term Inter-Zonal Service as defined under Attachment T, under which multiple transmission charges are phased-out pursuant to Attachment T, reported as a credit.

ATTACHMENT I

Annual System Transmission Costs

A. Description of Annual System Transmission Costs

Beginning Tariff Year 1 of Transmission Provider operations, there will be Annual System Transmission Costs (i) to recover any New Transmission Investment that is not directly assigned to a Transmission Customer and (ii) that will include the costs that are moved from Annual Zonal Transmission Costs as a result of the phase-out of zonal rates for Existing Facilities. The cost of the Existing Facilities owned by a TDU or sold by the TDU to the Transmission Provider shall be included in Annual System Transmission Costs in accordance with Section C of this Attachment I.

B. Revenue Requirements

The ~~gross~~ approved, accepted, or otherwise effective revenue requirement to be recovered in the Annual System Transmission Costs for each Participating Owner and Divesting Owner are included in Attachments I-1 to I-[__] hereto. Each such Attachment includes the ~~gross~~ New Transmission Investment that is included under this Tariff. Revenue credits included in the Annual System Transmission Costs also are included in Attachments I-1 to I-[__] hereto. The Transmission Provider shall post on its OASIS the Annual System Transmission Costs calculated under Section C below, including each input in the formula under Section C.

C. Formula For Calculating Annual System Transmission Costs

ASTC = NTIRR + (EFRR*(AF2)) + TCS + (SZRC * (AF2)) + PC, where

ASTC = Annual System Transmission Costs.

NTIRR = New Transmission Investment that is not directly assigned to a Transmission Customer.

EFRR = The total ~~gross~~ approved, accepted, or otherwise effective revenue requirements for Existing Facilities under this Tariff that are not directly assigned to a Transmission Customer, provided that the revenue requirements of a TDU that does not turn over ownership or operational control of its facilities to the Transmission Provider, or that continues to receive network transmission service or its functional equivalent under an Existing Transmission Agreement, shall not be included in EFRR.

AF2 = 0 percent in Tariff Year 1-5, 20 percent in Tariff Year 6 of Transmission Provider operations, 40 percent in Tariff Year 7 of Transmission Provider operations,60 percent in Tariff Year 8 of Transmission Provider operations,80 percent in Tariff Year 9 of Transmission Provider and 100 percent thereafter.

TCS = (a) 100 percent of the long-term firm revenues, ~~and 75 percent of the~~ short-term firm revenues, and non-firm revenues~~,~~ received by the Transmission Provider for

service to Network Customers for Network Load not physically interconnected with the Transmission Provider under Section 31.3 and for through and out service under Section 2 of Schedule 7 or under Schedule 8, calculated based on the prior year's transactions, plus (b) revenues received for services over transmission facilities that are not from transmission service and that are not credited in revenue requirements for Existing Facilities, minus (c) any such amounts paid to a Divesting Owner or Participating Owner pursuant to Attachment T to reduce cost shifts resulting from elimination of multiple transmission charges under agreement that provide long-term Inter-Zonal Service, as defined in Attachment T, with the total reported as a credit.

SZRC = The sum of transmission revenues from Long-Term Firm Point-to-Point Transmission Service, Short-Term Firm Point-to-Point Transmission Service, and Non-Firm Point-to-Point Transmission Service under this Tariff that terminate within the Transmission System, summed across all Zones, calculated based on the prior year's transactions and reported as a credit.

PC = Additional revenues received by the Transmission Provider under Section 5 of Schedule 7 and Section 6 of Schedule 8.

~~C~~ D. Posting on OASIS

The Annual System Transmission Costs, and each component thereof listed in Section B above, will be posted on the Transmission Provider's OASIS.

ATTACHMENT I-1

New Transmission Investment Revenue Requirements (NTIRR) of the Transmission Provider

A. The Transmission Provider's NTIRR will be developed for each calendar year based on projected cost data. The Transmission Provider's NTIRR will be trued-up by June 1 of each year to reflect actual cost data for the prior calendar year.

B. New Transmission Investment Revenue Requirements of the Transmission Provider = (New Transmission Rate Base) * Return + O&M loading factor * New Transmission Plant + Taxes on New Transmission Plant + Depreciation on New Transmission Plant + Revenue Credits, where

1. New Transmission Rate Base = New Transmission Plant In Service -Accumulated Depreciation on New Transmission Plant In Service -Accumulated Deferred Income Taxes on New Transmission Plant in Service + Working Capital Associated with New Transmission Plant in Service + Plant Held For Future Use Associated with New Transmission Plant

   a. New Transmission Plant = Simple average of beginning-of-year and end-of-year amounts in Accounts 350-359 placed into service after January 1, 2001

   b. Accumulated Depreciation on New Transmission Plant In Service = Simple average of beginning-of-year and end-of-year amounts in

FERC Accounts 108 and 111 associated with New Transmission Plant as defined above

c. Accumulated Deferred Income Taxes on New Transmission Plant in Service = Simple average of beginning-of-year and end-of-year amounts associated with New Transmission Plant as defined above in FERC Accounts 281-283, offset by Account 190

d. Working Capital Associated with New Transmission Plant = Working Capital Loading Factor * New Transmission Plant in Service

e. Working Capital Loading Factor = [to be filed]

f. Plant Held For Future Use Associated with New Transmission Plant= Simple average of beginning-of-year and end-of-year amounts in Account 105 associated with New Transmission Plant, as defined above, excluding any amounts divested by the Divesting Utilities and limited to land

2. Return = Per Book Capitalization Ratio for Long-term Debt * Cost of Long-term Debt + Per Book Capitalization Ratio for Preferred Stock Capital * Cost of Preferred Stock Capital + Per Book Capitalization Ratio for Common Equity * Cost of Common Equity3/

3. O&M loading factor = [to be filed]

3/ Cost of Common Equity to be filed.

4. Taxes on New Transmission Plant = Start-Up Rate Base * (Per Book Capitalization Ratio for Preferred Stock Capital * Cost of Preferred Stock Capital + Per Book Capitalization Ratio for Common Equity * Cost of Common Equity) * (Composite Federal and State Income Taxes Rate)/(1-Composite Federal and State Income Tax Rate)

   a. Composite Federal and State Income Tax = Federal Income Taxes Rate + State Income Tax Rate – Federal Income Taxes Rate * State Income Tax Rate

5. Depreciation on New Transmission Plant = Amounts in Account 403-405, 407.3 and 407.4 associated New Transmission Plant as defined above

6. Revenue Credits = Revenues for conducting System Impact Studies and Facilities Studies, reported as a credit.

ATTACHMENT J

Index Of Network Integration Transmission Service Customers

Customer	Date of Service Agreement

ATTACHMENT K

Form System Impact Study Agreement

[To be filed by Transmission Provider]

ATTACHMENT L

Form Facilities Study Agreement

[To be filed by Transmission Provider]

ATTACHMENT M

Form GIS Study Agreement

[To be filed by Transmission Provider]

ATTACHMENT N

Planning Protocol

I. Transmission Planning by ~~GridFlorida~~ the Transmission Provider

~~A. GRIDFLORIDA~~ A. The GridFlorida Planning Process:

1. ~~GridFlorida~~ The Transmission Provider is responsible for performing the planning function for the Transmission System. The GridFlorida Planning Process is an open and participatory planning process that effectuates the reliable and efficient planning of the Transmission System so as to meet the needs of all users of the Transmission System in a non-discriminatory manner. ~~GridFlorida~~ The Transmission Provider will adopt NERC and FRCC planning standards, and Nuclear Regulatory Commission ("NRC") requirements relating to nuclear plants, in performing its planning function. ~~GridFlorida~~ The Transmission Provider also will coordinate all planning with non-Participating Owners.

2. The GridFlorida Planning Process involves the planning necessary for ~~GridFlorida~~ the Transmission Provider to meet the needs of all users of the Transmission System (utility generation, network generation, merchant plants, IPPs, LSEs, etc.) seeking long-term Network Transmission Service, Point-to-Point Transmission Service or Generation Interconnection Service under the ~~GridFlorida OATT~~ Tariff, including planning for new interties with non-Participating

Owners and control areas located outside of the FRCC. Except as provided in Section I.A.8, this includes the obligation to plan to meet all requested service involving Flowgates.

3. Pursuant to Sections I.A, I.B and II, the GridFlorida Planning Process shall also ~~identify~~:

- Identify and facilitate, in a timely manner, the adoption and implementation of transmission projects and/or potential generation alternatives that can effectively relieve congestion~~, and maintain~~;
- Identify and evaluate longer range needs and facilitate transmission projects to expand competitive markets, including increased intertie capacity at the interfaces;
- Maintain and enhance the efficiency and reliability of the Transmission System;
- Consider whether expansion plans required to provide requested transmission service can be combined into a more efficient expansion plan; and
- Assess whether expansion can efficiently reduce overall Transmission System losses.

This process shall encourage and provide opportunities for meaningful, in-depth participation by all users of the Transmission System, the FPSC and other interested parties. In order that proposed generation and transmission projects are effectively coordinated so as to ensure reliability and efficient

congestion management, for each planning period, the GridFlorida Planning Process shall include, at a minimum, timely, regular and complete public disclosure, consistent with confidentiality requirements and information disclosure policies, pursuant to Sections I.A.9-10 and I.B.h, of:

a. any transmission projects proposed or endorsed;

b. the underlying assumptions and data on which the proposal is based;

c. any analysis relied upon by ~~GridFlorida~~ the Transmission Provider concerning its proposed transmission plan or proposed generation alternatives offered by users of the Transmission System; and

~~d.~~ all documents supporting assumptions underlying the proposed transmission expansion plan that are challenged by users of the Transmission System in the GridFlorida Planning Process.

4. All requests for transmission service under ~~GridFlorida OATT~~ the Tariff (i.e., requests involving Network Transmission Service, Point-to-Point Transmission Service, or Generation Interconnection Service) or requests for connection of new tie lines will be made to ~~GridFlorida~~ the Transmission Provider and posted on ~~GridFlorida~~ the OASIS in accordance with FERC policy regarding requests for transmission service.

5. ~~GridFlorida~~ The Transmission Provider shall have the ultimate responsibility for analyzing and responding to each transmission

request. ~~GridFlorida~~ The Transmission Provider shall perform planning analysis for the specifics (e.g., type of long-term firm transmission service, term, reserved capacity, etc.) of the requested transaction using as input all confirmed existing long-term firm transmission obligations, the Local Area Planning Process discussed in Section I.B, the Generation Interconnection Planning Process discussed in Section I.C and the data bases discussed in Section I.D to determine the impact of the requested services on the transmission system. The results shall be documented and presented by ~~GridFlorida~~ the Transmission Provider to the transmission service requestor(s).

6. ~~GridFlorida~~ The Transmission Provider shall also continually reassess, consistent with Section I.E.c. of the Operating Protocol, the ability of the transmission system to reliably serve on-going long-term firm transmission service obligations (e.g., integration of Network Resources with existing Network Loads and projected load growth of such Network Loads, etc.) using the data bases discussed in Section I.D.

7. ~~GridFlorida~~ The Transmission Provider will coordinate all transmission system planning with the planning of Non-Participating Owners.

8. ~~GridFlorida~~ The Transmission Provider is not obligated to plan the transmission system for non-firm or short-term firm transmission service(i.e. transmission service with a duration of less than one year).

Nor is ~~GridFlorida~~ the Transmission Provider obligated to plan the transmission system for Long-Term Firm Point-to-Point and Network Service over Flowgates when the Transmission Customer declines to pursue a System Impact Study or a Facilities Study pursuant to the provisions of the ~~GridFlorida OATT. GridFlorida~~ Tariff. The Transmission Provider will process requests for such service in accordance with ~~GridFlorida OATT~~ the Tariff.

9. The analysis performed pursuant to the GridFlorida Planning process (including potential solutions) will be provided to the transmission service requestor. Once the study is completed, the availability of that study will be posted on ~~GridFlorida~~ the OASIS. Such studies will be available (except for data designated as confidential pursuant to Section I.D hereof) upon request, subject to the payment of a nominal processing fee.

10. ~~GridFlorida~~ The Transmission Provider, in coordination with the users of the Transmission System, has established procedural milestones associated with the transmission expansion plan. Such procedural milestones have been established to facilitate, in an orderly and efficient manner, an opportunity for the users of the Transmission System to participate and review the transmission expansion plan. Exhibit N.1 to this Planning Protocol sets out such procedural milestones so as to establish an "Annual Regional Transmission Planning Process".

11. As a transition mechanism, at the commencement of operation of ~~GridFlorida, GridFlorida~~ the Transmission Provider, the Transmission Provider shall adopt and incorporate into its transmission expansion plan the most recent ten (10) year plan of all POs and Divesting Owners associated with facilities that are considered part of the Transmission System, including facilities that are planned to serve Network Customers or to satisfy outstanding Long-Term Firm Point-to-Point transmission service requests of the POs and Divesting Owners.

(a) Such ten (10) year plan shall include:

(i) Any new generation that is identified within the planning horizon in the most recent Ten Year Site Plans of the POs and Divesting Owners as filed with the FPSC prior to the commencement of the first GridFlorida Annual Regional Planning Process;

(ii) Any new or modified facility that is within the planning horizon, that is considered part of the Transmission System and / or related to a Point of Delivery associated with Network Load, and that is identified in the most recent FERC Forms No. 715 of the POs and Divesting Owners as filed with the FERC prior to the commencement of the first GridFlorida Annual Regional Planning Process; and

(iii) any facility improvement necessary to meet the reliability targets established pursuant to Section I.F.3 of ~~GridFlorida~~ the Transmission Provider Operating Protocol planned by a PO or a Divesting Owner prior to the commencement of ~~GridFlorida's~~ the Transmission Provider's operations.

(b) The ten year plans adopted by ~~GridFlorida~~ the Transmission Provider shall be included in ~~GridFlorida's~~ the Transmission Provider's initial expansion plan. To the extent that ~~GridFlorida~~ the Transmission Provider subsequently determines an alternative plan exists that requires the cancellation of or delay to a transmission project included in the ten year plan of a divesting owner or PO and which is superior to that ten year plan, ~~GridFlorida~~ the Transmission Provider shall consult with the divesting owner or PO to attempt to reach agreement on the cancellation or delay. If ~~GridFlorida~~ the Transmission Provider cannot reach agreement with the divesting owner or PO, ~~GridFlorida shall proceed as follows:~~

~~(i) With respect to a project for which a material amount of funds has been expended or is projected to be expended during the first five years of the plan, GridFlorida may refer its request to cancel a project to dispute resolution. In order to prevail, GridFlorida must demonstrate that its proposed alternative is superior to the proposed project of~~ the divesting

owner or PO may request~~(ii) With respect to a project for which a material amount of funds has not been expended or is projected to be expended during the first five years of the plan, GridFlorida may cancel the project without resort to~~ dispute resolution.

(c) A PO shall be entitled to recover in its revenue requirement the costs incurred with respect to any project that is cancelled pursuant to paragraph (b) above.

B. Local Area Planning Process Associated With Network Load and Existing and Confirmed Firm Point-to-Point Transmission Service:

1. The Local Area Planning Process involves an assessment and subsequent development of expansion plans associated with the Transmission System where Network Load is served and existing and confirmed Firm Point-to-Point transmission service is provided. The Local Area Planning Process shall be conducted in accordance with NERC and FRCC planning criteria, and NRC requirements relating to nuclear plants.

2. The Local Area Planning Process is performed by ~~GridFlorida~~ the Transmission Provider with participation and coordination from each LSE receiving Network Transmission Service, and confirmed and existing Point-to-Point Transmission Service reservations served by ~~GridFlorida~~ the Transmission Provider and any PO whose facilities serve the LSE in order to handle requests for new Point(s) of Delivery and to determine potential reliability problems with local area transmission systems. The Local Area Planning Process will

determine alternative solutions to serve new Point(s) of Delivery and to address reliability problems found, and document results in a study report which will be presented by ~~GridFlorida~~ the Transmission Provider to the LSE(s) and to the PO(s) whose facilities serve the LSE(s). In conducting the Local Area Planning Process, ~~GridFlorida~~ the Transmission Provider, with input from the LSE and the PO, must consider the following:

a. The need for expansion of existing facilities shall be determined by testing the ability of the existing and planned system to meet FRCC, FPSC, NERC, and NRC criteria, as applicable, as well as the GridFlorida Planning Standards then in effect.

b. Alternative solutions to the criteria violations associated with local area reliability problems shall be developed and evaluated considering economics, lifetime, feasibility, and other specifics associated with the request. As part of a request for a new Point of Delivery by an LSE, such request shall include a justification for the proposed new Point of Delivery, including an analysis of viable distribution alternatives. ~~GridFlorida~~ The Transmission Provider shall incorporate the LSE's justification into an overall evaluation of alternatives to the proposed new Point of Delivery.

c. Requests for new ~~Point~~ Points of Delivery shall be evaluated taking into consideration distribution alternatives as applicable, location of existing delivery points, transmission feasibility, economics, and other specifics associated with the request, on a comparable basis for all LSEs' existing Points of Delivery, taking into account any specific reliability needs of the LSE customer(s) served from such Point of Delivery. ~~GridFlorida~~ The Transmission Provider will make a reasonable effort to accommodate the LSE's requested alternative, based on the above criteria. Except as otherwise provided for in Section I.E below and notwithstanding any other provision of this Tariff to the contrary, upon the request of any Transmission Customer, the Transmission Provider or, where applicable a PO, shall be obligated to permit the construction of any facilities required to establish a new Point of Delivery regardless of any distribution alternative(s) to such construction that may exist, provided that the new Point of Delivery does not adversely affect system ab ovided further equest n Transmission Customer agrees to pay Transmission Provider or the PO for the difference in costs incurred by the Transmission Provider or the PO in constructing the requested Point of Delivery and the alternative the Transmission Provider otherwise would have selected.

d. Subject to Section I.E of this document, ~~GridFlorida~~ the Transmission Provider or the PO, as applicable, consistent with the PO Agreement, shall, consistent with the GridFlorida Planning Standards, be responsible for the design, construction and operation of all facilities considered part of the Transmission System. The LSE shall be responsible for the design, construction and operation of all facilities that are part of the LSE's system. With respect to circumstances where a new Point of Delivery involves the establishment of a transmission to distribution substation or a metering point, ~~GridFlorida~~ the Transmission Provider, or the PO, as applicable, shall be responsible for the design, construction and operation of all transmission voltage level equipment in accordance with the guidelines contained in Attachment Q – Section 1 of ~~GridFlorida OATT~~ the Tariff. The LSE(s) shall be responsible for the design, construction and operation, in accordance with the guidelines contained in Attachment Q – Section 1 of ~~GridFlorida OATT~~ the Tariff, and in accordance with Attachment 1 to the transmission service Operating Agreement (i.e., Terms and Conditions of Service Applicable to Points of Delivery) of all of the facilities on the LSE's side of the Point of Delivery. Space shall be provided at the control house and the common ground location associated with the

Point(s) of Delivery for the installation of equipment owned by either ~~GridFlorida~~ the Transmission Provider, LSE or PO whose facilities serve such LSE.

e. ~~GridFlorida~~ The Transmission Provider, the LSE(s) and the PO whose facilities serve such LSE(s) shall collaborate on the design and construction of the Point(s) of Delivery facilities to seek an efficient construction means, including selecting a single contractor if feasible.

f. ~~GridFlorida~~ The Transmission Provider shall, if applicable, develop procedures for the design and operation of a Point of Delivery that serves as a Point of Delivery for two or more LSEs.

g. New Point(s) of Delivery shall be designed on a basis that provides for comparable reliability to the existing Point(s) of Delivery, taking into consideration distribution alternatives as applicable, location of existing delivery points, transmission feasibility, and economics, on a comparable basis for all LSEs' existing Points of Delivery, taking into account any specific reliability needs of the LSE customer(s) (e.g. airports, hospitals, etc.) served from such Point of Delivery.

h. Specifics regarding the construction and other Point of Delivery matters relating to such new Point of Delivery facilities shall be addressed on a case-by-case basis pursuant to

the contractual arrangements among the respective LSE and ~~GridFlorida~~ the Transmission Provider (and the PO if the transmission facilities that must be expanded are owned by a PO), and Attachment 1 to the Operating Agreement, which contains the Terms and Conditions of Service Applicable to Points of Delivery.

3. The analysis performed pursuant to the Local Area Planning Process (including potential solutions) will be provided to the LSE. Once the study is completed, the availability of that study will be posted on ~~GridFlorida~~ the OASIS. Such studies will be available (except for data designated as confidential pursuant to Section I.D hereof) upon request, subject to the payment of a nominal processing fee.

4. ~~GridFlorida~~ The Transmission Provider, with the mutual agreement of a PO and/or a Divesting Owner, shall have the option of assigning the performance of the Local Area Planning function discussed in this Section I.B for the LSE(s) served by a respective PO's or Divesting Owner's transmission facilities to such PO or Divesting Owner for up to three years following the commencement of ~~GridFlorida~~ the Transmission Provider operations (the "transition period"). The results and recommendations of such Local Area Planning performed by the PO(s) or Divesting Owner(s) during the transition period will be subject to review and approval, or modification, by ~~GridFlorida.~~ ~~GridFlorida~~ the Transmission Provider. The Transmission Provider

shall assume the Local Area Planning Function for itself as soon as it is capable of performing the function.

C. Generation Interconnection Planning:

1. All requests for Generation Interconnection Service ("GIS") shall be submitted to ~~GridFlorida~~ the Transmission Provider for processing pursuant to Part IV of ~~GridFlorida OATT~~ the Tariff.

2. The analysis performed pursuant to the GIS planning process (including potential solutions) will be provided to the requestor. Once the study is completed, the availability of that study will be posted on ~~GridFlorida~~ the OASIS. Such studies will be available (except for data designated as confidential pursuant to Section I.D hereof) upon request, subject to the payment of a nominal processing fee.

3. ~~GridFlorida~~ The Transmission Provider shall be authorized to act as the agent for all POs to negotiate and execute Generation Interconnection Agreements in coordination with and on behalf of the POs whose facilities are subject to a GIS request. Such POs shall have the opportunity to also execute on their own behalf such Interconnection Agreements negotiated and executed by ~~GridFlorida~~ the Transmission Provider; provided that, once the PO is provided with the opportunity to execute the agreement, failure of the PO to execute the agreement shall not impede or delay the implementation of the interconnection.

D. Creation and Maintenance of Data Bases:

1. ~~GridFlorida~~ The Transmission Provider shall develop databases (e.g. load flow, dynamic and short circuit) using information from Parts I.A, B and C as well as information from Non-Participating Owners.

2. Databases for use in the planning process delineated in this document will be developed by ~~GridFlorida~~ the Transmission Provider with data input (e.g., 10- year load growth and firm planning obligations) and coordination from the affected LSEs, POs and Non-Participating Owners. Databases are approved by ~~GridFlorida~~ the Transmission Provider, affected LSEs, POs, and Non-Participating Owners and provided to LSEs, POs and Non-Participating Owners for their participation in the planning process.

3. ~~GridFlorida~~ The Transmission Provider shall file at the FERC and make available to each PO, non-Participating Owner, LSE and transmission service requestor(s) databases as are required by FERC (e.g. Form 715).

4. Entities providing information to ~~GridFlorida~~ the Transmission Provider as part of the planning process may designate such data as being confidential commercial information, consistent with FERC policy regarding the confidentiality of commercial information. ~~GridFlorida~~ The Transmission Provider shall not make such data available to third parties without the agreement of the providing entity

unless required to do so by a court or regulatory agency with jurisdiction over ~~GridFlorida~~ the Transmission Provider.

5. LSE(s), transmission service requestor(s), generation interconnection requesters and POs have an obligation to provide the requisite information to ~~GridFlorida~~ the Transmission Provider to ensure reliability and coordinated expansion plans.

E. Enhanced or Special Facilities Alternative

1. A Transmission Customer may request ~~that GridFlorida~~ and the Transmission Provider shall be obligated to provide and, where applicable, to interconnect enhanced or special facilities, ~~including an alternative Point of Delivery on the Transmission System, other than those~~ regardless of whether such facilities ~~that would be~~ have been identified as necessary by ~~GridFlorida~~ the Transmission Provider as part of the planning process ~~under similar circumstances. Such a~~. Enhanced or special facilities ("Enhanced Facilities") shall include, but not be limited to (1) facilities requested for meeting retail customer needs; (2) facilities, including substations, switching stations, line segments, towers, poles and other facilities which the Transmission Customer determines are necessary or appropriate to support its provision of distribution services; (3) facilities to be constructed pursuant to governmental orders, (4) facilities which, although identified as necessary by Transmission Provider, are not scheduled to be in-service at the time requested by the Transmission Customer, and

(5) an alternative Point of Delivery on the Transmission System. A request for Enhanced Facilities may be made ~~either before GridFlorida makes its determination as to the necessary facilities or after GridFlorida's determination has been made. GridFlorida~~ at any time and for any reason, including but not limited to, enhanced reliability, environmental, aesthetic and other land-use planning reasons.

2. The Transmission Provider will grant the request for ~~special or enhanced facilities~~ Enhanced Facilities, provided that each of the following conditions is met:

~~1. The Transmission Customer making such request shall submit~~ a ~~detailed written request to GridFlorida specifying the enhanced or special facilities.~~

~~2.~~ The requested ~~enhanced or special facilities do not impair the~~ Enhanced Facilities do not adversely affect system reliability ~~of the Transmission System when compared to the alternative selected by GridFlorida; and~~ ; and

~~3~~ b. The requesting party agrees to reimburse ~~GridFlorida the difference between cost of the enhanced or special facilities and the cost of the alternative selected by GridFlorida.~~ the Transmission Provider or the applicable PO for any costs incurred by Transmission Provider and/or the PO in connection with the Enhanced Facilities, including any costs associated with placing facilities in-service prior to the time scheduled by the Transmission Provider, provided that such costs would not

otherwise have been incurred by Transmission Provider and/or the PO but for the request to construct the Enhanced Facilities or to place them in service earlier than planned.

F. Expedited Construction by Transmission Customer

~~1. GridFlorida shall develop standards~~ 1. A Transmission Customer may construct a Delivery Point or Enhanced Facilities ("Expedited Facilities") itself, provided that the conditions of Section I.E.2 are satisfied, and provided that, in addition, the following conditions are met:

a. As soon as reasonably practicable after the Transmission Customer determines that it will construct Expedited Facilities itself pursuant to this Section I.F, the Transmission Customer will so inform the Transmission Provider and will provide it with conceptual plans of the facilities to be constructed.

b. At least 90 days prior to commencing construction of any Expedited Facility, the Transmission Customer shall submit its request in writing to the Transmission Provider specifying the Enhanced Facilities, along with detailed plans for such

facilities consistent with Transmission Provider Design Standards;

c. The Transmission Provider will review the detailed plans for the limited purpose of determining whether the Expedited Facilities will adversely affect system reliability. This review is not a substitute for the planning ~~("GridFlorida Planning Standards"), design ("GridFlorida Design Standards") and construction ("GridFlorida Construction Standards") of transmission facilities planned, designed and constructed by GridFlorida~~ process associated with a request for service or a request to amend existing service in accordance with Parts II or III of the Tariff. The procedures applicable to requests for service under Parts II and III also must be followed to the extent placing the Expedited Facilities into service is associated with new or revised transmission service.

d. If the Transmission Provider does not conclude within thirty (30) days following the submission of the detailed plans that the Expedited Facilities will not adversely affect system reliability, the matter may be submitted to an Independent Engineer for determination. The Independent Engineer shall be an engineering firm experienced in transmission operations as mutually agreed by the Transmission Provider and the Participant. The Independent Engineer shall make its

determination within sixty (60) days following its receipt of the initial submission.

e. If the Independent Engineer determines that the proposed facilities will not adversely impact system reliability the Transmission Provider will, after the time that decision becomes effective, facilitate the construction and, where applicable, the interconnection of such facilities on an expedited basis consistent with Good Utility Practice. In addition, the Transmission Provider will make any necessary filings with the Commission within 30 days of the date the Independent Engineer's determination becomes effective pursuant to Section I.F.1.g

f. If the Independent Engineer determines that the proposed facilities will adversely affect system reliability, the Transmission Provider will not allow the Transmission Customer facilities to be interconnected with the Transmission System until the Transmission Provider is able to complete a Facilities Study and has otherwise processed the request and has determined its own plan to serve the Transmission Customer's needs, and any necessary modifications have been made to the facilities constructed by the Transmission Provider.

g. Determinations by the Independent Engineer shall become effective twenty days after issuance, unless FERC is requested to review the determination within such period. Determinations by the Independent Engineer for which FERC review has been requested shall become effective 30 days following the initial request for review unless the Commission determines that a determination should not become effective.

h. Prior to interconnecting any Expedited Facilities constructed by a Transmission Customer to the Transmission System, the Transmission Provider shall have the right to inspect such facilities to ensure that, as constructed, they will not adversely affect the reliability of the Transmission System, and the Transmission Provider may refuse to permit the interconnection until the Transmission Provider is satisfied that there will be no adverse impacts on the reliability of the Transmission System.

2. If any portion of the Expedited Facilities constructed by the Transmission Customer are of a type that would be considered part of the Transmission System based on the Line of Demarcation established in Attachment O of the Tariff, the Transmission Customer shall enter into the Participating Owners Management Agreement with respect to such facilities, unless Grid Florida and the Transmission

Customer otherwise agree upon the terms and conditions for the transfer of title to such facilities to the Transmission Provider.

3. The Transmission Provider shall determine whether all or a portion of any Expedited Facilities that are included in the Transmission System should be treated as New Transmission Investment or whether all or a portion should be treated as Enhanced Facilities, the cost of which must be borne by the Transmission Customer pursuant to Section I.E.2.b.

4. All Expedited Facilities constructed by the Transmission Customer that are not made part of the Transmission System shall be operated by the Transmission Customer at its sole expense.

G. Planning, Design, and Construction Standards

1. The Transmission Provider shall develop standards for the planning ("the GridFlorida Planning Standards"), design ("the GridFlorida Design Standards") and construction ("the GridFlorida Construction Standards") of transmission facilities planned, designed and constructed by the Transmission Provider and, where applicable, the POs. These standards shall apply on a comparable basis to all ~~GridFlorida transmission~~ the facilities included in the Transmission System.

2. The Transmission Provider ~~2. GridFlorida~~ shall phase in the GridFlorida Planning Standards, the GridFlorida Design Standards and the GridFlorida Construction Standards over a period of time not to

exceed five years from the commencement of ~~GridFlorida operations~~. the Transmission Provider operations.

3. A Transmission Customer may request application of design and construction standards higher than those established by the Transmission Provider. Such a request may be made for any reason, including but not limited to, enhanced reliability, environmental, aesthetic and other land-use planning reasons. Such request shall be granted, provided that each of the following conditions is met.

a. The Transmission Customer must submit a detailed written request to the Transmission Provider detailing the proposed enhanced design and construction standards.

b. The design and construction standards must not impair the reliability of the Transmission System when compared to the GridFlorida design and construction standards.

c. The Transmission Customer must agree to reimburse the Transmission Provider for all costs incurred by the Transmission Provider as a result of applying the higher design and construction standards to the subject transmission facilities.

II. Transmission Expansion

A. If, as a result of the GridFlorida Planning Process performed pursuant to Section I, it is determined that transmission facilities must be constructed, ~~GridFlorida~~ the Transmission Provider shall, with participation from and coordination with any affected PO or Non-Participating Owner, make a final determination as to the best available alternative, consistent with the then applicable the GridFlorida Planning Standards and the GridFlorida Design Standards, determined in accordance with the following factors:

1. ~~GridFlorida~~ The Transmission Provider shall take into account the estimated costs of proposed alternatives, as well as impacts on reliability, impacts on existing firm service, and consistency with the long-term planning for the region. In order to continually provide better cost estimates, ~~GridFlorida~~ the Transmission Provider shall take into consideration the accuracy of previous cost estimates versus the actual cost of such installed transmission facilities in developing future cost estimates. Additionally, ~~GridFlorida~~ the Transmission Provider shall avoid, whenever possible, the imposition of unreasonable costs

2. ~~GridFlorida~~ The Transmission Provider shall provide oversight of the on-going costs during the engineering and planning stages as well as during the construction of facilities deemed part of the Transmission

System. If as part of such oversight responsibility ~~GridFlorida~~ the Transmission Provider determines that the possibility exists that the cost of facilities planned to be constructed may exceed the estimated cost of such facilities by greater than twenty (20) percent, ~~GridFlorida~~ the Transmission Provider shall reevaluate available alternatives and advise the Transmission Planning Committee regarding any recommended variance from the initial plan.

3. If the best available alternative requires the construction of facilities by a Non-Participating Owner, ~~GridFlorida~~ the Transmission Provider shall enter into good faith negotiations to reach agreement with the Non-Participating Owner to construct the required transmission facilities or to allow ~~GridFlorida~~ the Transmission Provider to construct such facilities. If the Non-Participating Owner does not agree to such construction, ~~GridFlorida~~ the Transmission Provider shall select the next best available alternative, determined in accordance with Section II.A.

4. It must be feasible for the entity constructing the facilities to obtain all necessary permits for such construction. The cost of obtaining and complying with such permits shall be included in the cost of the facilities in determining the best available alternative. If it is not

feasible to obtain the necessary permits for the best available alternative, the next best available alternative shall be selected.

5. In considering whether an alternative is the best available alternative, ~~GridFlorida~~ the Transmission Provider shall consider whether the alternative addresses congestion and whether the alternative would decrease or increase congestion.

6. The entity (i.e., ~~GridFlorida~~ the Transmission Provider or the PO) constructing the facilities must be able to have the opportunity to fully recover the reasonable cost of the facilities in rates or through other charges approved by the appropriate regulatory authority. This condition may be waived by the entity constructing the facilities.

7. The costs to be incurred by the prospective owner of the incremental facilities, the identity of which shall be determined pursuant to Section II.B., shall be taken into consideration in determining the best available alternative.

8. ~~GridFlorida~~ The Transmission Provider also shall consider market solutions, including solutions that do not require the construction of new facilities. ~~GridFlorida~~ The Transmission Provider shall take into account such market solutions in determining the best available alternative.

9. The Transmission Provider shall accommodate a Transmission Customer request to implement higher design and construction standards than those set by the Transmission Provider so long as the

I relating to higher design and construction standards requests.

B. The entity that constructs and owns new transmission facilities, pursuant to the discussion in Section II.A above, shall be determined as follows.

1. If the facilities are to be added to the existing facilities of a PO, then that PO shall have the option of constructing and owning that portion of the new facilities that is to be located in its service area. If the facilities are to be added to the existing facilities of more than one PO, then each PO shall have the option of constructing and owning the facilities to be added to its existing facilities that are to be located in its service area.

2. If facilities are to be added to both the existing facilities of a PO and ~~GridFlorida~~ the Transmission Provider, the PO shall have the option of constructing and owning the facilities to be added to its existing facilities that are to be located in its service area, and ~~GridFlorida~~ the Transmission Provider shall construct and own the remaining facilities.

3. If the facilities are to be added to the existing facilities of ~~GridFlorida~~ the Transmission Provider, but do not require facilities to be added by a PO, or if an PO declines the option of constructing and owning new facilities, then the facilities will be constructed and owned by ~~GridFlorida~~ the Transmission Provider.

4. If a PO is selected to construct and own transmission facilities and that PO fails to obtain necessary permits or financing or fails to commence construction within a reasonable period of time, then ~~GridFlorida~~ the Transmission Provider shall construct and own the facilities itself.

5. Regardless of the entity selected, the new facilities shall be designed in accordance with the then applicable GridFlorida Design Standards and constructed in accordance with the then applicable GridFlorida Construction Standards, unless higher design and construction standards have been proposed and agreed to by the Transmission Provider in accordance with the higher design and construction standards request requirements in Section I, in which case the higher standards would apply. If a PO fails to comply with the then applicable ~~GridFlorida Design Standards and/or GridFlorida~~ Design or Construction Standards, then ~~GridFlorida~~ the Transmission Provider shall make any necessary changes, ~~at the cost of~~ and the costs of such

changes shall be recovered from the PO (which may not be ~~recovered~~ collected in that PO's revenue requirement).

C. The FPSC has the right to review the studies (and supporting data) and to provide input to ~~GridFlorida~~ the Transmission Provider during the decision making process as to the need for new transmission facilities. To the extent that proposed incremental facilities selected by ~~GridFlorida~~ the Transmission Provider include facilities that are subject to the FPSC's siting jurisdiction, the proposed expansion shall be submitted to the FPSC for its review and approval in accordance with the relevant statutory standards.

D: To the extent the FPSC (or any regulatory body) lawfully orders an LSE or PO under its jurisdiction to construct facilities that are considered ~~GridFlorida~~ part of the Transmission ~~Facilities, then GridFlorida~~ System, then the Transmission Provider accepts the responsibility to build such facilities if the LSE or the PO cannot, or does not desire to, do so.

E. The recovery of costs of transmission facilities constructed by ~~GridFlorida~~ the Transmission Provider or PO(s) will be in accordance with ~~GridFlorida OATT~~ the Tariff and FERC policies. ~~GridFlorida~~ The Transmission Provider shall have the right to review all aspects of a construction project undertaken by a PO pursuant to this Planning Protocol, including design standards, costs, and construction schedules.

F. ~~GridFlorida~~ The Transmission Provider may require a PO or Divesting Owner, to the extent necessary, to apply for all necessary certificates of public convenience and necessity and permits for the construction of transmission facilities that will become part of the Transmission System, and to use their power of eminent domain to assist ~~GridFlorida~~ the Transmission Provider in the acquisition of any necessary property rights, including rights of way, for the construction of such transmission facilities.

III. Transmission Planning Committee

1. ~~GridFlorida's~~ No later than the date this Tariff becomes effective, The Advisory Committee shall create a Transmission Planning Committee as a subcommittee of the Advisory Committee. The Transmission Planning Committee shall be composed of one member from each stakeholder group represented on the Advisory Committee.

2. The Transmission Planning Committee shall provide advice and input regarding the planning process to ~~GridFlorida~~ the Transmission Provider. Further, to the extent requested by the parties involved, the Transmission Planning Committee shall provide advice and possible alternatives as to unresolved planning and expansion matters. In the event that such matters referred to the Transmission Planning Committee cannot be resolved, the matters will be resolved in

accordance with the Dispute Resolution Procedures set forth in ~~GridFlorida OATT~~ the Tariff.

IV. FRCC's and FPSC's Role In Reliability and Planning Process

A. The FRCC's role in the reliability and planning process shall be as follows:

1. The FRCC shall review and assess the plans and reliability assessment of ~~GridFlorida~~ the Transmission Provider (including POs as necessary).

2. The FRCC, in coordination with NERC, shall develop reliability standards, and monitor and ensure compliance with such standards.

B. The FPSC's role in the planning process shall be as follows:

1. The FPSC shall have the same right to participate in the planning process described in Sections I and II as any other entity, to the extent that it so chooses.

2. The creation and operation of ~~GridFlorida~~ the Transmission Provider will not affect the FPSC's ability to participate in the FRCC's review of the plans and reliability assessment of ~~GridFlorida~~ the Transmission Provider provided for in Section IV.A.1 above.

3. All proposed construction of transmission facilities subject to the FPSC's siting jurisdiction shall be submitted to the FPSC for its review and approval.

V. Coordination of ~~GridFlorida~~ the Transmission Provider with other RTOs

1. ~~GridFlorida~~ The Transmission Provider will coordinate all inter-regional planning (e.g., with a SERC RTO).

2. ~~GridFlorida~~ The Transmission Provider will develop practices to ensure the coordination of reliability and market interface practices among regions. ~~GridFlorida~~ The Transmission Provider will either develop these practices itself or in coordination with an independent entity that covers several regions or an entire interconnection. ~~GridFlorida~~ The Transmission Provider will submit a report to FERC on its progress in the development of coordination standards within one year of its commencement of operations.

Exhibit N.1

To The

Planning Protocol

Annual Regional Transmission Planning Process

In order to implement the transmission expansion plan, procedural milestones are established as set forth below in order to effectuate an "Annual Regional Transmission Planning Process":

1. In September of each year, ~~GridFlorida~~ the Transmission Provider will notify and post on the OASIS a request for data from Network Customers concerning expected usage of the Transmission System for the next 10 years (*e.g.*, demand/load forecasts incorporating in such forecast the current year's winter and summer peak data, supply forecasts for the 10 year period (i.e., Network Resource(s)); proposals for new interconnections, Points of Delivery, proposals for transmission system upgrades, etc.). ~~GridFlorida~~ The Transmission Provider shall obtain similar information from Non-Participating Owners located in the FRCC in its capacity as security coordinator of the FRCC.

2. By November 1 of each year, Network Customers of ~~GridFlorida~~ the Transmission Provider shall submit the data requested in paragraph 1.

3. A transmission customer may make a request for long-term firm transmission service (i.e., Long-Term Firm Point-to-Point, Network Service) and/or Generation Interconnection Service and have such request processed in accordance with the provisions contained in the OATT, at any time during the year. Such request for service will be processed based on:

    (i) the existing Transmission System;

(ii) the FTEP

(iii) all valid requests for long-term firm transmission service and GIS that are submitted prior to such request and which impact the processing of such request.

In addition, for each annual regional plan subsequent to the initial planning cycle, a confirmed request for long-term firm transmission service or GIS submitted prior to November 1 will be included in the base assumptions for that year's Annual Regional Transmission Planning Process.

4. ~~GridFlorida~~ The Transmission Provider shall conduct studies regarding the need for incremental transmission facilities (including potential alternatives - e.g., generation additions) taking into consideration all existing and reserved long-term firm transmission service, and post the availability of such studies on ~~GridFlorida~~ the OASIS.

5. By June 1 of each year, ~~GridFlorida~~ the Transmission Provider shall post on its OASIS an Initial Transmission Expansion Plan ("ITEP") that provides for the transmission needs of the users. The posting shall invite comments on the ITEP by interested parties, including Non Participating Owners. Such comments shall be submitted to ~~GridFlorida~~ the Transmission Provider by July 1.

6. By July 15 of each year, ~~GridFlorida~~ the Transmission Provider shall conduct a Regional Planning Conference at which all users of the Transmission System, FPSC and interested parties may participate in a detailed review and present their comments regarding the ITEP. In developing the Final Transmission Expansion Plan ("FTEP"), ~~GridFlorida~~ the Transmission Provider shall take into consideration such comments relating to the ITEP.

7. By October 1 of each year, ~~GridFlorida~~ the Transmission Provider shall finalize the FTEP and post it on the OASIS.

To the extent that a user of the Transmission System or the FPSC does not agree with the FTEP, such user or the FPSC shall first raise this matter with the Transmission Planning

Committee. Subsequently, in the event that such matter cannot be resolved by the Transmission Planning Committee, the matter will be resolved in accordance with the Dispute Resolution Procedures set fourth in the OATT.

ATTACHMENT O

Operating Protocol

~~GridFlorida~~ The Transmission Provider will direct the operations of, and will be responsible for the short term reliability of, the Transmission System. ~~GridFlorida~~ The Transmission Provider shall exercise its responsibilities in accordance with Good Utility Practice and shall conform to applicable reliability guidelines, policies, standards, rules, regulations, orders, license requirements and all other requirements of the NERC, FRCC and NRC or their successors and all applicable requirements of federal or state laws or regulatory authorities. ~~GridFlorida~~ The Transmission Provider also will be the Security Coordinator for all transmission facilities located in the FRCC, including transmission facilities of Non-Participating Owners.

I. Types of Authority

~~GridFlorida~~ The Transmission Provider will have three types of authority over transmission facilities in the FRCC: (1) direct control; (2) indirect control; and (3) Security Coordinator authority. The following table summarizes each of these types of authority, which are described in more detail below.

TYPES OF AUTHORITY EXERCISED BY ~~GRIDFLORIDA~~ THE TRANSMISSION PROVIDER			
Entity	OPERATIONAL AUTHORITY		Security Coordinator Authority
	Direct Control	Indirect Control	
~~GRIDFLORIDA~~ The Transmission Provider	Yes (All facilities)		Yes
POs	As required by ~~GridFlorida~~ the Transmission Provider	As required by ~~GridFlorida~~ the Transmission Provider	Yes
Non-Participating Owners	No	No	Yes

A. Direct Control

1. ~~GridFlorida~~ The Transmission Provider will have direct control over the following Transmission System facilities:

   a) All Transmission System facilities owned or leased by ~~GridFlorida~~ The Transmission Provider

   b) All Transmission System facilities owned or leased by a PO that ~~GridFlorida~~ the Transmission Provider has determined are needed to be under its direct control in

order to perform its functions and ensure the short-term reliability of the Transmission System.

2. ~~GridFlorida~~ The Transmission Provider shall have the ongoing authority to place any PO's Transmission System facility under or to remove any PO's Transmission System facility from its direct control.

3. "Direct control" over facilities means ~~GridFlorida,~~ the Transmission Provider, and only ~~GridFlorida~~ the Transmission Provider, shall have the ability to take such facilities out of or put them into service. Direct control over facilities owned or leased by ~~GridFlorida~~ the Transmission Provider shall be achieved either directly from ~~GridFlorida~~ the Transmission Provider control center or by direct communications from ~~GridFlorida~~ the Transmission Provider control center to ~~GridFlorida~~ the Transmission Provider employees who will manually implement ~~GridFlorida's~~ the Transmission Provider's instructions. Direct control over facilities owned or leased by POs shall be achieved by sending signals from ~~GridFlorida~~ the Transmission Provider control center to the control center owned and operated by the PO and having those signals relayed automatically to the facility in a fashion that prevents the PO from interfering with such signal.

4. Nothing in this Operating Protocol shall require a PO to turn over direct control of facilities in a manner that would reasonably be expected to jeopardize the (i) continued characterization of a safe harbor lease under former Section 168(f)(8) of the

Internal Revenue Code of 1954, or tax exempt status of any local furnishing bonds used to finance such facilities. Upon request by ~~GridFlorida~~ the Transmission Provider, a PO relying on this provision must produce a qualified opinion to support withholding the ~~assetion~~ assertion of direct control over its facilities.

B. Indirect Control

1. ~~GridFlorida~~ The Transmission Provider will have indirect control over all Transmission System facilities owned or leased by a PO and over which Operational Control has been ceded to ~~GridFlorida~~ the Transmission Provider in accordance with the PO Agreement; and (2) subject to Section 7.7.3 of the PO Agreement, all other Transmission System facilities owned or leased by a PO that ~~GridFlorida~~ the Transmission Provider has determined are not needed to be under its direct control in order to perform its functions and ensure the short-term reliability of the Transmission System.

2. "Indirect control" over facilities means that ~~GridFlorida~~ the Transmission Provider shall have the authority to order such facilities out of or into service by directly communicating with the PO that owns or leases the facilities. A PO may not take such facilities out of or into service without ~~GridFlorida's~~ the Transmission Provider's approval, except in cases where public or employee safety is at imminent risk.

C. Contracting for Operations and Maintenance Services

~~GridFlorida~~ The Transmission Provider may contract with a Divesting Owner to provide operations and maintenance services with respect to facilities transferred by the Divesting Owner to ~~GridFlorida~~ the Transmission Provider that will be subject to ~~GridFlorida's~~ the Transmission Provider's direct control.

D. Security Coordinator Authority

~~GridFlorida~~ The Transmission Provider shall be the Security Coordinator for all transmission facilities located within the FRCC, whether owned by ~~GridFlorida~~ the Transmission Provider, a PO or a Non-Participating Owner. ~~GridFlorida~~ The Transmission Provider shall be a member of the FRCC. ~~GridFlorida's~~ The Transmission Provider's authority as Security Coordinator shall be limited to implementation of NERC and FRCC Security Coordinator standards, policies and procedures. ~~GridFlorida~~ The Transmission Provider will be compensated by the FRCC for the costs related to ~~GridFlorida's~~ The Transmission Provider's Security Coordinator activities, which include such functions as:

1. performance of load-flow and stability studies to anticipate, identify and address security problems.
2. exchange of transmission system security information with local and regional entities, as necessary.

3. monitoring of real-time system operating characteristics such as the availability of reserves, actual power flows, interchange schedules, system frequency and generation adequacy.
4. performance of security analysis of the FRCC transmission system in accordance with Part III.
5. approval of maintenance schedules of transmission facilities within the FRCC.
6. coordination of transmission maintenance schedules with RTO's and/or transmission owners in other regions.
7. direction of actions to maintain reliability, including line loading relief in accordance with NERC and FRCC Transmission Loading Relief policy and firm load shedding.
8. Participation in daily security assessment reporting, monitoring and other details supporting the FRCC in implementation of the FPSC's Generating Capacity Shortage Plan.
9. Approval of generator maintenance schedule changes to address short-term reliability and security problems in accordance with Section III.

E. Service Level Agreements

1. A Service Level Agreement will be developed for each existing and new generation interconnection to the Transmission System. This Agreement will identify any specific information for the generation interconnection, including standard voltage schedules, reactive support requirements, communications protocols, and special

operating procedures, as well as the generator's obligation to comply with redispatch instructions required for short-term reliability. For new generation interconnections, this information may be included in Interconnection Agreements associated with Generation Interconnection Service, which agreements shall then constitute the necessary Service Level Agreement.

F. Reliability Agreement

1. ~~GridFlorida~~ The Transmission Provider shall enter into Reliability Agreements with each LSE or other applicable Market Participant connected to ~~GridFlorida~~ Transmission System facilities. The Reliability Agreement will specify reliability obligations of the LSE (or other applicable Market Participant) to ~~GridFlorida~~ the Transmission Provider and reliability obligations of ~~GridFlorida~~ the Transmission Provider to the LSE (or other applicable Market Participant).

2. The obligations of the LSE (or other applicable Market Participant) to ~~GridFlorida~~ the Transmission Provider will be primarily, but not limited to:

a) the provision of specified reserve obligations and the compliance with procedures to provide information sufficient to allow ~~GridFlorida~~ the Transmission Provider to continuously monitor the required level of, and verify performance against, reserve obligations administered by ~~GridFlorida~~ the Transmission Provider consistent with the then-existing FRCC procedures; and

b) the provision of, and procedures for monitoring compliance with, reactive support requirements at each Point of Delivery ("POD") (as specified in Attachment R for each POD).

3. ~~GridFlorida~~ The Transmission Provider shall provide LSEs with reliable service that is at least equivalent to the reliability of the transmission system for that LSE prior to ~~GridFlorida~~ the Transmission Provider assuming operational and planning authority. The reliability requirements shall include, but are not necessarily limited to, the following: a) ~~GridFlorida~~ the Transmission Provider shall provide reliable service such that each LSE's System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), and Customer Average Interruption Duration Index (CAIDI), attributable to the Transmission System shall be no more than the three-year average transmission SAIDI, SAIFI and CAIDI for that LSE for the three calendar years immediately preceding the creation of ~~GridFlorida~~ the Transmission Provider. It will be the responsibility of the LSE to provide customer counts and verify the calculation of its SAIDI, SAIFI and CAIDI attributable to the transmission system, which shall be done in accordance with IEEE standards (IEEE P1366) as modified by the FPSC. Outages that are excluded in reporting requirements set forth by the FPSC *(i.e.*, those caused by named storms, tornadoes, generation shortfalls, etc.) shall also be excluded from ~~GridFlorida~~ the Transmission Provider reliability requirements. In order to calculate SAIDI and SAIFI for each LSE, the

denominator shall be the total number of customers served by that LSE. Each LSE must furnish to ~~GridFlorida~~ the Transmission Provider during the last month of the 12 month reporting period, the number of customers served from each POD in accordance with IEEE standards.

Each LSE or other applicable Market Participant has the right to enter into Enhanced Reliability Agreements with the Transmission Provider, which would guarantee reliable service over and above that provided to the LSE or Market Participant (i) prior to the Transmission Provider assuming operational and planning authority and (ii) pursuant to any improvements to reliability required pursuant to Section I.E.4 below. The LSE or Market Participant that enters into an Enhanced Reliability Agreement with the Transmission Provider shall be solely responsible to the Transmission Provider for the difference between the cost of providing standard reliability service and Enhanced Reliability Service.

4. The Transmission Provider ~~4. GridFlorida~~ shall be obligated to specify and provide monitoring procedures for the level of service reliability for each POD. ~~GridFlorida~~ The Transmission Provider shall provide access to the reliability data for each POD via the internet or other means for the LSEs to review reliability performance. The reliability data will include as a minimum the number of sustained outages at each POD and the duration of each outage that was caused by the transmission system. For the purpose of calculating SAIDI and SAIFI at each POD, the denominator shall

be the sum of all the customers served from all of ~~GridFlorida's~~ the Transmission Provider's PODs (total number of customers served by ~~GridFlorida)~~ the Transmission Provider). After the first full 12 month period of operation, and every subsequent complete 12 month period thereafter, ~~GridFlorida~~ The Transmission Provider will meet with the representatives from any LSE that had one or more POD(s) that ranked in the worst ~~3%~~ three percent in terms of SAIFI ~~or~~ and/or the representatives from any LSE that had one or more POD(s) that ranked in the worst three percent in terms of CAIDI and present a plan to improve the reliability at each such POD.

5. In addition, ~~GridFlorida~~ the Transmission Provider will record momentary outage events *(i.e.*, outage events less than one minute in duration or as otherwise defined by the FPSC) at any POD, and will use such data, in coordination with the PO and the LSE, to: (a) evaluate the need for any mitigation measures, and (b) prioritize the use of maintenance resources for PODs.

6. In the event that the reliability requirements set forth above are not met, ~~GridFlorida~~ the Transmission Provider shall prepare and present to the LSE a plan to correct the deficiencies and meet the reliability requirements. Should the reliability requirements not be met in any calendar year, the LSE may then refer the matter to the Transmission Planning Committee for discussion and resolution, and, if necessary, to dispute resolution procedures as specified in the ~~GridFlorida~~ Transmission Provider OATT for resolution of the matter.

G. Parallel Flows

~~GridFlorida~~ The Transmission Provider shall take any necessary steps to enter into agreements with other RTOs or transmission owners to address parallel flows.

H. Report on FRCC or NERC Reliability Standards

~~GridFlorida~~ The Transmission Provider shall report to the FERC if any FRCC or NERC or other regional reliability standards interfere with ~~GridFlorida's~~ the Transmission Provider's ability to provide reliable, nondiscriminatory transmission service.

I. Municipal Police Powers

Except as expressly set forth in this Tariff, Municipalities that are Divesting Owners or POs do not waive their local governmental police powers (e.g. zoning powers and rules and regulations concerning use of rights of way).

II. DETERMINATION OF TTC AND ATC

1. ~~GridFlorida~~ The Transmission Provider shall have the sole authority to determine the ATC and TTC of all commercially viable pathways for the Transmission System facilities, taking into account transmission reservations and schedules, scheduled maintenance of generation and transmission facilities, and in accordance with the FRCC ATC Coordination Procedures and NERC Standards.

2. ~~GridFlorida~~ The Transmission Provider shall initially determine the ATC and TTC for all commercially viable pathways for Transmission System facilities using the

best available existing loadflow databases, consistent with transition procedures that will be documented in the FRCC ATC Coordination Procedures and posted on the FRCC web site.

3. The Divesting Owners and POs shall comply with ~~GridFlorida's~~ the Transmission Provider's procedures in the development of the databases for the Transmission System as required.

   a) ~~GridFlorida~~ The Transmission Provider shall be responsible for confirming the line ratings and other data and design criteria provided to it by a PO or Divesting Owner.

   b) ~~GridFlorida~~ The Transmission Provider shall be responsible for determining in the first instance the line ratings of any Transmission System facility placed in service after the commencement of operations of ~~GridFlorida~~ the Transmission Provider.

4. Any dispute between ~~GridFlorida~~ the Transmission Provider and a PO or Divesting Owner as to the line rating of a Transmission System facility or as to a ~~GridFlorida~~ the Transmission Provider ATC or TTC determination shall be referred to the Transmission Planning Committee and, if necessary, to dispute resolution using the procedures specified in the ~~GridFlorida~~ Transmission Provider OATT. In the interim, ~~GridFlorida's~~ the Transmission Provider's determination shall control.

III. MAINTENANCE

A. Maintenance of Transmission System Facilities

1. ~~GridFlorida~~ The Transmission Provider shall determine the maintenance schedules for Transmission System facilities owned or leased by ~~GridFlorida~~ the Transmission Provider.

2. The POs shall on an ongoing basis submit to ~~GridFlorida~~ the Transmission Provider proposed maintenance schedules for Transmission System facilities that they own or lease. Such proposed schedules shall be submitted to ~~GridFlorida~~ the Transmission Provider as soon as possible after a PO determines that such maintenance is necessary. ~~GridFlorida~~ The Transmission Provider shall review and approve or require revisions to the proposed maintenance schedules. Subject to the foregoing, each PO shall be responsible (at its own cost and expense) to maintain and repair the Transmission System facilities owned by each such PO.

3. To the extent that ~~GridFlorida~~ the Transmission Provider revises previously approved maintenance schedules for Transmission System facilities, the owner of those facilities shall be entitled to include the net direct costs of such change in any rate or rate formula that it files to recover costs from ~~GridFlorida~~ the Transmission Provider.

4. The owner of a Transmission System facility may not change the previously approved maintenance schedule except upon the approval of ~~GridFlorida~~ the Transmission Provider. The owner will not be entitled to any compensation for costs incurred either as a result of a requested change approved by ~~GridFlorida~~ the Transmission Provider or as a result of ~~GridFlorida~~ the Transmission Provider refusing to approve a

requested change.

5. All maintenance shall be performed in accordance with the ~~the~~ applicable GridFlorida Maintenance Standards or, as provided in Section III.B.3. below, such enhanced maintenance standards as may be agreed to by the Transmission Provider and the owner of a Transmission System facility or a Transmission Customer.

B. GridFlorida Maintenance Standards

1. ~~GridFlorida~~ The Transmission Provider shall develop standards for the maintenance ~~("~~("the GridFlorida Maintenance Standards") for transmission facilities maintained by ~~GridFlorida~~ the Transmission Provider and, where applicable, ~~the POs~~ other owners of a Transmission System facilities. These standards shall apply on a comparable basis to all ~~GridFlorida~~ the Transmission Provider transmission facilities included in the Transmission System, and will include standards for the coordinated scheduling of distribution and transmission maintenance, such that the costs incurred by the entity maintaining the distribution system will be taken into account in developing an economic transmission maintenance schedule.

2. The Transmission Provider ~~2. GridFlorida~~ shall phase in the GridFlorida Maintenance Standards over a period of time not to exceed five years from the commencement of ~~GridFlorida operations.~~ the Transmission Provider operations.

3. The owner of a Transmission System facility has the right to apply Enhanced Maintenance Standards, over and above the GridFlorida Maintenance Standards, to

such transmission facilities, as it may own, as long as the Enhanced Maintenance Standards do not conflict with established GridFlorida Maintenance Schedules or adversely affect system reliability. To the extent that performance of maintenance pursuant to the Enhanced Maintenance Standards results in costs in excess of the costs that would have been incurred to perform maintenance pursuant to the GridFlorida Maintenance Standards, the difference in costs shall not be included in that owner's revenue requirement. Additionally, a Transmission Customer may request that the Transmission Provider apply Enhanced Maintenance Standards to ansi i facil the mission but maintained Transmission Provider. The Transmission Customer requesting Enhanced Maintenance Standards shall be solely responsible to the Transmission Provider for the difference between the cost of applying Enhanced Maintenance Standards and the cost of applying the GridFlorida Maintenance Standards.

C. Maintenance of Transmission Facilities Owned by Non-Participating Owners

Non-Participating Owners shall on an ongoing basis submit to ~~GridFlorida~~ the Transmission Provider, operating in its Security Coordinator function, proposed maintenance schedules for transmission facilities that they own or lease. Such proposed schedules shall be submitted to ~~GridFlorida~~ the Transmission Provider as soon as possible after the Non-Participating Owner determines that such maintenance is necessary. ~~GridFlorida~~ The Transmission Provider shall review and approve or

revise the proposed maintenance schedules.

D. Maintenance of Generation Facilities

1. Coordination of Annual Maintenance Schedules.

a) LSE Schedules. Load Serving Entities ("LSEs") shall submit to the FRCC, at a time to be determined by the FRCC, annual balanced schedules of generation and load, including wheeling out transactions, together with their annual generation maintenance schedules, which will be updated monthly. Such schedules shall balance load and generation on a daily basis, based on daily peak loads.

b) Other Generation Maintenance. Generators that are not included in the balanced schedules submitted pursuant to paragraph a) but which will have firm load obligations shall submit to the FRCC annual maintenance schedules. Such schedules shall be updated monthly.

c) Monthly and Annual Scheduling Coordination.

(1) FRCC Coordination Role. The FRCC will assemble the annual schedules for the FRCC region. Based on the submitted schedules, the FRCC will determine monthly whether the aggregate reserve margins for the ~~GridFlorida~~ Transmission Provider region assure generation adequacy. The FRCC will follow its own procedures for addressing generation deficiencies.

(2) ~~GridFlorida~~ The Transmission Provider Role. On a monthly basis, the FRCC will provide ~~GridFlorida~~ the Transmission Provider with the updated annual schedules for

generation maintenance for the GridFlorida region. Based on these generation maintenance schedules, ~~GridFlorida~~ the Transmission Provider will determine whether such schedules will cause noncompliance with NERC and FRCC transmission reliability criteria. In the event that ~~GridFlorida~~ the Transmission Provider determines that the submitted schedules are likely to result in a transmission criterion violation, ~~GridFlorida~~ the Transmission Provider shall post such information and, to the extent that it appears that generator-initiated adjustments will not alleviate the violation, facilitate coordination of generation maintenance schedules with any affected generation owners to alleviate such violation. In the event that voluntary action does not resolve any violation identified by ~~GridFlorida, GridFlorida~~ the Transmission Provider, the Transmission Provider may refer to dispute resolution pursuant to the dispute resolution provisions of the ~~GridFlorida OATT~~ Tariff any change it wishes to propose in generation maintenance schedules necessary to resolve the transmission criterion violation.

3. Near-Term Reliability and Security Problems. In the event of near-term reliability problems jeopardizing the security of the transmission system, ~~GridFlorida~~ the Transmission Provider, acting as Security Coordinator, shall have the authority, only in cases where, and to the extent that, congestion management mechanisms are insufficient, to require near-term changes to the previously accepted maintenance schedules of generation facilities that have been designated as Network Resources by Network Service customers served by ~~GridFlorida~~ the Transmission Provider, provided that the owner of the affected Network Resource shall be entitled to compensation from ~~GridFlorida~~ the Transmission Provider for the net direct

costs incurred as a result of a change to an accepted schedule, and provided further that ~~GridFlorida~~ the Transmission Provider may not require the generation owner to operate its generation in a manner that is inconsistent with Good Utility Practice.

4. Changes Initiated By the LSE or Generator. An LSE or a generator whose maintenance schedule has been accepted may request a change to the schedule as follows:

a. Changes to Annual Schedule. A request for a change that would begin at least 30 days following the date of submission of an annual schedule shall be submitted with the next monthly updated annual schedule.

b. Short-Notice Changes. A request for a short-notice change (i.e., a change that would begin less than 30 days following the date for submitting a monthly update to the annual schedule) shall be submitted to ~~GridFlorida~~ the Transmission Provider, which will in turn forward the request to the FRCC.

(i) The requested change shall be accepted unless, within the period provided for response in Exhibit O.1, "Procedure for Requesting Short-Notice Generator Maintenance Outage Changes," ~~GridFlorida~~ the Transmission Provider determines that such change will cause a transmission reliability criterion violation that cannot be relieved through congestion management mechanisms.

(ii) The FRCC shall also review the request to determine whether it may cause a generation adequacy deficiency to occur. If the FRCC so determines, it shall communicate this information to ~~GridFlorida~~ the Transmission Provider and others as appropriate for the

purpose of facilitating the alleviation of such deficiency.

c. Costs. An LSE or generator shall not be entitled to compensation for any costs incurred by the LSE or generator as a result of the acceptance or rejection of an LSE or generator-requested short-notice change.

d. Good Utility Practice. In evaluating a requested short-notice change, ~~GridFlorida~~ the Transmission Provider may not require a generation facility to be operated in a manner that is inconsistent with Good Utility Practice.

EXHIBIT O.1
To Operating Protocol

Procedure for Requesting Short-Notice
Generator Maintenance Outage Changes

I. Definitions

A. Short-Notice Outage: Means an outage requiring the removal of a unit from service to begin less than 30 days following the date that the previous monthly update to the annual maintenance schedule was submitted.

B. Short-Notice Outage Request ("Request"): Means a request for a generator Short-Notice Outage. Such request is made subsequent to the date the previous monthly update to the annual maintenance schedule was submitted, but prior to the next monthly update. This request may be for outage duration changes, additions, deletions, repositioning, or a new request.

II. Submission of Request

A. A Request shall be submitted in writing or by electronic mail to ~~GridFlorida~~ the Transmission Provider.

B. The Request shall provide the information listed in Appendix A [to be developed].

III. Processing of Request

A. ~~GridFlorida~~ The Transmission Provider shall date-stamp each request upon receipt and prioritize the request for processing in the order of significance.

B. ~~GridFlorida~~ The Transmission Provider shall initially determine whether it contains information sufficient to act on the Request. If additional information is required for processing, ~~GridFlorida~~ The Transmission Provider shall notify the requesting party within five days of receipt of the Request. Within five days of the receipt of a request for additional information, the requesting party shall provide the information. Failure to provide such information will result in the Request being deemed to be withdrawn.

C. Upon determination that the necessary information has been provided to support the Request, ~~GridFlorida~~ the Transmission Provider will immediately forward the Request to the FRCC.

D. To the extent practicable, ~~GridFlorida~~ the Transmission Provider will confer and closely coordinate with the FRCC, and ~~GridFlorida~~ the Transmission Provider shall approve the Request unless it determines that transmission criterion violations exist that cannot be relieved through congestion management mechanisms.

E. ~~GridFlorida~~ The Transmission Provider shall notify the requesting party of its decision in accordance with the following table.

Submission of Request for a Change in the Start of an Outage	**Submitted to the following at ~~GridFlorida~~ the Transmission Provider**	**Response Time by ~~GridFlorida~~ the Transmission Provider from date request is complete**
More than 14 days in the future		Within 5 working days
7 to 14 days in the future		Within 3 working days
Less than 7 days in the future		Within 1 working day

F. To the extent that ~~GridFlorida~~ the Transmission Provider reasonably anticipates that a potential generation capacity deficiency may occur, the FRCC will review any generator maintenance change request for its impact on capacity adequacy and shall, as appropriate, inform ~~GridFlorida~~ the Transmission Provider and others as appropriate of an anticipated capacity deficiency within ~~GridFlorida~~ the Transmission Provider, for purposes of facilitating a response to such concern.

ATTACHMENT P

Congestion Management, Balancing Service, Operating Reserves, And Regulation

1 Overview

1.1 To assist the implementation of the market design set forth in this Attachment P and in other parts of the Transmission Tariff, and to provide for a timely review of the operation of that market design, the Transmission Provider will cooperate with ~~a stakeholder committee, the membership of which will include, but not be limited to, any Participating Owners or Divesting Owners desiring~~ the Advisory Committee to ~~participate, that will~~ prepare a report for submission to the Transmission Provider's Board of Directors, 18 months after commencement of the Transmission Provider's operations, addressing the operation of the market and providing recommendations as to how, if at all, to modify the market design. The Transmission Provider will ensure that all interested parties will have the opportunity to comment on the report and propose any changes they believe are appropriate. ~~In addition, for the same purposes, the Transmission Provider will consider, and will provide public notice of its decision, whether to calculate the nodal price of energy for each node of the Transmission Provider's Transmission System for each hour.~~

1.2 Balanced Schedules and Inc/Dec Bids

1.2.1 Each Scheduling Coordinator must provide for each hour of the Scheduling Day hourly balanced schedules for generation and load.

1.2.2 Each Scheduling Coordinator also must submit incremental and decremental energy bids ("incs" and "decs") for all resources scheduled in the Day-Ahead and Scheduling Adjustment Processes, as well as all Quick-Start Resources, whether scheduled or not. The Transmission Provider will develop a Bid Stack of incs and decs for use in congestion management and for providing Balancing Service, in accordance with this Attachment P. Energy

prices and energy payments will be calculated in accordance with Section 13 hereof.

1.2.3 A Scheduling Coordinator that is ~~a~~ an Internal Control Area operator shall provide incs and decs, however, a dec for such a Scheduling Coordinator shall not be utilized to provide Balancing Service unless the Scheduling Coordinator authorizes such use. Such a Scheduling Coordinator must respond to the Transmission Provider's instructions to dispatch incs for Balancing Service on a scheduling frequency of 10 minutes, unless the Transmission Provider and the Scheduling Coordinator agree to a different scheduling frequency.

1.3 Rights to Transmit Power

1.3.1 Prior to scheduling, or as part of the Day-Ahead Scheduling Process, each Scheduling Coordinator must acquire rights to transmission capacity on both Flowgates and non-Flowgate facilities in amounts necessary to transmit power from the Scheduling Coordinator's resources to its sinks that are included in the Scheduling Coordinator's balanced schedule.

1.3.2 Rights to transmit power on non-Flowgate facilities are obtained under Parts II and III of the Tariff or as Next-Day Buy Through Service.

1.3.3 Rights across Flowgates must be in the form of any combination of Physical Transmission Rights ("PTRs"), Recallable Transmission Rights ("RTRs"), or Non-Firm Physical Transmission Rights ("NPTRs"). The Transmission Provider shall use posted Power Transfer Distribution Factors ("PTDFs") to determine whether a schedule requires the submission of a PTR, RTR, or NPTR.

1.4 Congestion Management During the Scheduling Process

1.4.1 Congestion occurs during the scheduling process when there is insufficient transfer capacity to simultaneously implement all of the balanced schedules that Scheduling Coordinators submit to the

Transmission Provider.

1.4.2 Congestion during the scheduling process shall be resolved in accordance with Section 11 hereof.

1.5 Congestion Management During Real Time Operations

1.5.1 Congestion occurs in Real Time when transmission limitations prevent an unconstrained dispatch in the Balancing Service market.

1.5.2 For purposes of this Attachment P, "Real Time" for an hour shall begin 30 minutes prior to the start of the hour. Real Time shall end at the end of the applicable hour.

1.5.3 Congestion during Real Time shall be resolved in accordance with Section 12 hereof.

2 Flowgates and ~~Congestion~~ Settlement Zones

2.1 Flowgates

2.1.1 A Flowgate is a ~~transmission line or group of transmission lines that has been deemed by the Transmission Provider to cause Commercially Significant congestion costs over a defined period of time.~~ single transmission facility (line or transformer) or related transmission facilities (a) that qualify(ies) for loading relief under NERC Policy 9, (b) for which the Firm Reservation Use ("FRU") PTR requirement exceeds 80 percent of the Net Flowgate Capability ("NFC"), and (c) for which the sum of the FRU and Transmission Reserve Margin ("TRM") PTR requirement exceeds 90 percent of the NFC, at any load level studied. FRU, NFC, and TRM are defined in this Attachment P.

~~2.1.2 The definition of "Commercially Significant" and the roles for creation, modification, and elimination of Flowgates are included in Exhibit P-1.~~

~~2.1.3 The Transmission Provider shall monitor usage of the Transmission System to determine whether new Flowgates should be created or whether existing Flowgates~~

~~should be modified or eliminated. Using the process described in Exhibit P-1, the Transmission Provider shall designate a new Flowgate as soon as reasonably practicable upon determining that the cost of congestion across a transmission line or group of transmission lines has become or will become Commercially Significant. The Transmission Provider also may create a new Flowgate if it determines that the planned addition of new generation or load will result in Commercially Significant congestion costs.~~

~~2.1.4 Flowgates will be posted~~ 2.1.1.1 The identification of Flowgates shall be determined utilizing the same data bases and models utilized in the GridFlorida Planning Process. The methodology utilized to determine Flowgates shall be published on the Transmission Provider's OASIS.

2.2 Congestion Zones 2.1.1.2 All Flowgate studies shall be based upon a transmission facility configuration that includes those facilities planned and expected to be in operation during the study period. The study will include the effects of contingency analysis, Transmission Reserve Margin, and facility operating practices consistent with standard transmission facility planning studies.

~~2.2.1 Congestion Zones are defined in Exhibit P-1.~~ 2.1.2 At least annually, the Transmission Provider shall perform studies to determine whether new Flowgates should be created or whether existing Flowgates should be eliminated. The Transmission Provider may conduct additional studies when it determines that system conditions or other factors warrant such studies.

~~2.2.2 The Congestion Zones shall~~ 2.1.2.1 The Transmission Provider shall designate a new Flowgate as soon as reasonably practicable upon determining that congestion across a transmission line or group of transmission lines evidences usage that satisfies the standards of Section 2.1.1.

2.1.2.2 The Transmission Provider may create a new Flowgate if it determines that the planned addition of new generation or load will result in usage that satisfies the standards of Section 2.1.1.

2.1.2.3 When a new Flowgate is created or an existing Flowgate is eliminated, PTRs shall be allocated in accordance with this Attachment P.

2.1.3 Flowgates are delineated in Attachment P-1 hereto. PTRs available from the

Transmission Provider across the Flowgates, and PTRs allocated pursuant to Sections 3.3.1, 3.3.2, and 3.3.3 will be posted on the Transmission Provider's OASIS.

2.2 Settlement Zones

2.2.1 The initial Settlement Zones shall be the FPL Settlement Zone, the TEC Settlement Zone, and the FPC Settlement Zone.

2.2.2 The Transmission Provider shall add new Settlement Zones and/or amend existing Settlement Zones (a) whenever a new entity divests or transfers control over transmission facilities to the Transmission Provider or (b) at such other time as the Transmission Provider deems appropriate. Prior to implementing any addition or change to Settlement Zones pursuant to this Section 2.2.2 the Transmission Provider will file such addition or change with the Commission.

3 PTRs, RTRs, and NPTRs

3.1 ~~Except as otherwise provided in Section 3.1.4, to~~ To schedule a transaction across a Flowgate, a Scheduling Coordinator must own or control the necessary PTRs, RTRs, or NPTRs.

3.1.1 The flows a schedule produces across a Flowgate will be determined using PTDFs. PTDFs shall be calculated for all sources and sinks, and shall be expressed as the portion of a total transaction that flows across the Flowgate relative to the transaction's source(s) and sink(s). PTDFs shall be calculated using the same load flow model used for the transmission request evaluation process and shall be revised as necessary to reflect temporary transmission system topological changes.

3.1.2 The Transmission Provider will post on OASIS PTDFs relative to the Flowgates. ~~for all sources and sinks.~~

~~3.1.3 The Transmission Provider shall update and revise PTDFs as circumstances require, and shall post the updated PTDFs on OASIS.~~

~~3.1.4 PTRs, RTRs, and NPTRs shall not be required to schedule a transaction across a Flowgate if the PTDF of the transaction for such Flowgate is less than or equal to five percent.~~

3.2 Calculating PTRs Available for Allocation or Auction

3.2.1 The Transmission Provider will calculate available PTRs across a Flowgate consistent with Attachment C and this Attachment P~~-1~~, and will account for existing ~~PTRs~~ and planned uses across ~~the~~ each Flowgate.

3.2.2 The Transmission Provider will calculate the available PTRs for each Flowgate on a simultaneously feasible basis; PTRs will not exceed the capacity calculated for a Flowgate ~~when all power can simultaneously be delivered on all elements of the Transmission System after~~ taking into account all credible contingencies.

3.2.3 ~~Each individual PTR~~ The total number of PTRs across a Flowgate shall be equal to the NFC across the Flowgate.

3.2.3.1 NFC shall be equal to the Total Transfer Capability of the Flowgate plus the number of MW across the Flowgate made available due to counterflows resulting from long-term firm transactions.

3.2.3.1.1 Total Transfer Capability ("TTC") is the maximum amount of power that can be transferred across a Flowgate in a reliable manner consistent with NERC and FRCC criteria.

3.2.3.2 NFC shall be calculated on a time-differentiated basis.

3.2.4 PTRs will be uniquely identified ~~by an identification tag that will specify the PTR number, the Flowgate, the~~ for a specific ~~flow direction, and the hour(s) for which the PTR conveys a scheduling right.~~ Flowgate.

3.3 Allocating PTRs

3.3.1 ~~Allocating~~ General Description of Allocation of PTRs to Existing Uses

3.3.1.1 Prior to commencement of operations, the Transmission Provider will allocate PTRs without auction to existing firm users of the Transmission System ("Existing Users") as follows:

(a) Long-Term Firm Point-to-Point Transmission Customers of the Participating Owners and Divesting Owners whose transmission rights are converted to service under the Tariff shall be allocated PTRs necessary to effectuate their existing firm reservations;

(b) Participating Owners and Divesting Owners that have Long-Term Firm Point-to-Point Transmission Customers whose transmission rights are not converted to service under the Tariff shall be allocated PTRs necessary to provide the Long-Term Firm Point-to-Point Transmission Service for such customers;

(c) Long-Term Firm Point-to-Point Transmission Customers that choose to retain transmission capacity in accordance with Section 9.1 of Attachment T shall be allocated PTRs necessary to effectuate such service;

(d) Network Transmission Customers of the Participating Owners and Divesting Owners whose transmission rights are converted to service under the Tariff shall be allocated PTRs necessary to effectuate their Network Transmission Service;

~~(d)~~(e) Participating Owners and Divesting Owners who have Network Transmission Customers whose

transmission rights are not converted to service under the Tariff shall be allocated PTRs necessary to effectuate Network Transmission Service for such customers;

~~(e)~~(f) Participating Owners and Divesting Owners that will be taking Network Transmission Service from the Transmission Provider shall be allocated PTRs necessary to preserve their existing and planned uses.

3.3.1.2 Each ~~existing user~~ Existing User under Section 3.3.1.1 shall have an equal right to an allocation of PTRs necessary to preserve its existing use. In the event all existing uses cannot be allocated PTRs across a Flowgate, each existing use shall receive a pro rata allocation of the PTRs available across that Flowgate, as provided in Section 3.3.2.

3.3.1.3 At the conclusion of each Annual Regional Planning Cycle, the Transmission Provider shall allocate without auction to each Network Customer and to each Divesting Owner or Participating Owner serving a non-converted Network Customer that received an initial allocation of PTRs pursuant to Section 3.3.1.1, an additional amount of PTRs necessary to satisfy that Network Customer's load growth for the upcoming year as identified in the Annual Regional Planning Process, to the extent that such PTRs are available. PTRs also will be allocated to Network Customers at this time for new or changed Network Resources to the extent that: (i) a request for the designation was made pursuant to Section 30.2 of this Tariff or pursuant to a PO's or DO's transmission tariff then in effect; (ii) the Transmission Provider, PO, or DO, as applicable, was able to perform all necessary studies and planning in accordance with Part III of the Tariff and Attachment N–Planning Protocol or the PO's or DO's transmission tariff; and (iii) the facilities identified in the planning process have been constructed. To the extent that the Annual Regional Planning Process demonstrates that a

Network ~~Customer requires~~ Customers require fewer PTRs, then the appropriate amount of PTRs shall be re-allocated to the auction process.

3.3.1.4 Whenever the ~~Transmission Provider declares a new Flowgate, the Transmission Provider will allocate, without auction, PTRs to Firm Point-to-Point, Network and non-Tariff Customers that use the new Flowgate on a firm basis, in an amount necessary to allow such Customers to schedule up to their reservations, and to Participating Owners and Divesting Owners providing service under non-converted contracts according to~~ set of Flowgates changes, PTRs will be allocated in accordance with the same rules ~~that governed~~ applicable to the initial allocation of PTRs ~~as set forth in paragraph 3.3.1.~~ and the allocation of PTRs to entities directly assigned the costs of transmission upgrades.

~~3.3.2~~ 3.3.2 Specific Description of Allocation of PTRs for Firm Uses of a Flowgate

3.3.2.1 PTRs for each Flowgate shall be allocated to Existing Users under Section 3.3.1 in accordance with this Section 3.3.2.

3.3.2.2 Subject to Section 3.3.2.6, PTRs shall be allocated to an Existing User under Section 3.3.1 equal to its FRU plus its TRM. The FRU shall account for uses of a Flowgate with all of the Existing User's firm resources available. The TRM shall account for the additional use of a Flowgate when the Existing User's resource that is most sensitive to the Flowgate is unavailable and its remaining resources are economically redispatched.

3.3.2.3 The FRU of an Existing User shall be determined by multiplying (a) the Existing User's expected usage with all of the Existing User's firm resources available by (b) the applicable PTDF of the Existing User during the applicable period.

3.3.2.4 The TRM across each Flowgate of an Existing User shall be determined in accordance with this Section 3.3.2.4.

3.3.2.4.1 First, for each applicable firm transmission user in the FRCC (whether a participant or a non-participant in GridFlorida) the additional use of each Flowgate shall be determined when the firm transmission user's resource that is most sensitive to the specific Flowgate (i.e., increases the use of the Flowgate by the greatest amount) is unavailable and its remaining resources are redispatched economically (the "Unavailable Unit Impact").

3.3.2.4.2 Second, the largest Unavailable Units Impacts from two different firm transmission users shall be totaled (the sum referred to as the "Total UUI").

3.3.2.4.3 Each Existing User's TRM shall be equal to its Unavailable Unit Impact * the ratio of Total UUI to the sum of Unavailable Unit Impacts for all firm transmission users.

3.3.2.5 If the sum of FRU and TRM for an Existing User across a Flowgate is negative, the Existing User shall not be allocated PTRs across that Flowgate.

3.3.2.6 If the allocation of PTRs on a Flowgate pursuant to Sections 3.3.2.1-3.3.2.5 exceeds NFC, each Existing User's PTR allocation shall be reduced in accordance with this Section 3.3.2.6.

3.3.2.6.1 First, the FRU and TRM for each Existing User under Section 3.3.2.5 shall be set to zero.

3.3.2.6.2 Second, each other Existing User's PTRs shall be reduced by an amount equal to (a) the total number of PTRs allocated across the Flowgate pursuant to Sections 3.3.2.1-3.3.2.5 that exceed the Flowgate's NFC times (b) the ratio of (i) the Existing User's TRM across the Flowgate to (ii) the total TRM allocated to Existing Users across the Flowgate. If the total number of PTRs that must be reduced is equal to or exceeds the total TRM allocated to Existing Users across the Flowgate, the TRM of each Existing User shall be set to zero.

3.3.2.6.3 If after each Existing User's TRM is reduced to zero pursuant to Section 3.3.2.6.2 the Flowgate allocation of PTRs continues to exceed NFC, the PTRs of each Existing User shall be reduced by an amount equal to (a) the total number of remaining PTRs allocated across the Flowgate that exceed the Flowgate's NFC times (b) the ratio of (i) the Existing User's FRU across the Flowgate to (ii) the total FRU allocated to Existing Users across the Flowgate.

3.3.3 Allocating PTRs For Construction

~~3.3.2.1~~ 3.3.3.1 If the Transmission Provider ~~planned to upgrade~~ upgrades transmission facilities, PTRs associated with such upgraded facilities shall be allocated through the procedures under Sections 3.3.2 or 3.3.4. The ~~3.3.1 or 3.3.3. Otherwise, an Eligible Customer may request the Transmission Provider to upgrade the Transmission System to make additional capacity available on Flowgates. The Eligible Customer shall directly pay for any such transmission upgrades, and shall receive any PTRs associated with such upgrades. If the upgrade causes the elimination of the facility as a Flowgate, the Eligible Customer shall receive a firm right to the capacity of the facility that shall entitle it to~~

~~PTRs commensurate with the facilities constructed if, in the future, the facility is redesignated as a Flowgate.~~

~~3.3.2.2 Subject to Section 3.3.1, to the extent the Transmission Provider upgrades the Transmission System as part of its transmission expansion plan, any additional PTRs shall be auctioned using the procedures under Section 3.3.3, provided that the~~ timing of the annual auction procedures under Section 3.3.4 may be modified to reflect the in-service date of the new facilities.

3.3.3.2 At the request of an Eligible Customer, and in accordance with the terms of this Tariff, the Transmission Provider will construct facilities that are planned for construction within five years of the date of such request (the "Planned Construction Date") prior to the Planned Construction Date, provided the Eligible Customer agrees to pay the additional costs associated with constructing such facilities prior to the Planned Construction Date, including the time value of money, and provided further that if due to changed circumstances such facilities would not in fact have been constructed notwithstanding the plan the Eligible Customer shall be directly assigned the entire cost of such upgrades. The Eligible Customer will receive any PTRs associated with such upgrades during the period it is directly paying for such upgrades. After that time, the Eligible Customer no longer will receive such PTRs, and the PTRs associated with such facilities will be allocated through the procedures under Sections 3.3.2 or 3.3.4.

3.3.3.3 If an Eligible Customer requests the Transmission Provider to construct facilities that are not planned for construction within the next five years, in accordance with the terms of this Tariff the Transmission Provider will construct such facilities, provided the Eligible Customer agrees to directly pay for such facilities. The Eligible Customer will receive any PTRs associated with such upgrades. Notwithstanding the foregoing, if at any time after the five year period following the date the Eligible Customer requested the Transmission Provider to construct such facilities the

Transmission Provider would have included such facilities in its transmission plan, at such time that the facilities would have been placed into service under such plan the Eligible Customer no longer will be responsible to directly pay for such facilities and no longer will receive the PTRs associated with such facilities. At such time, the PTRs associated with such facilities will be allocated through the procedures under Sections 3.3.2 or 3.3.4.

3.3.3.4 If an upgrade causes the elimination of a facility as a Flowgate, during such period that the Eligible Customer is directly paying for such upgrade, the Eligible Customer shall receive a firm right to capacity of the facility. Such firm right shall entitle it to PTRs commensurate with the upgrade constructed if during the period the Eligible Customer is directly paying for the upgrade the facility is redesignated as a Flowgate.

3.3.4 ~~3.3.3~~ Selling PTRs by Auction

~~3.3.3.1~~ 3.3.4.1 At least 60 but not more than 75 days prior to the start of a Tariff Year, the Transmission Provider shall conduct an annual auction of available PTRs for each Flowgate. PTRs sold at the annual auction shall be sold in blocks which shall convey the right to schedule the use of a specific Flowgate in a specific direction for every hour of the Tariff Year. The amount of PTRs auctioned across a Flowgate on an annual basis shall be equal to the lowest seasonal available transmission capacity across the Flowgate, taking into account PTRs allocated pursuant to Sections ~~3.3.1 and~~ 3.3.2 and 3.3.3 and all credible contingencies.

~~3.3.3.2~~ 3.3.4.2 At least 30 but not more than 45 days prior to the start of each month, the Transmission Provider shall conduct a monthly auction of PTRs for each Flowgate. PTRs sold at the monthly auction shall be sold in blocks which shall convey the right to

schedule the use of a specific Flowgate in a specific direction for every hour of the calendar month.

(a) The amount of PTRs auctioned across a Flowgate on a monthly basis shall be equal to the lowest available transmission capacity across the Flowgate during the month, taking into account PTRs allocated pursuant to Sections ~~3.3.1,~~ 3.3.2, 3.3.3 and ~~3.3.3.1~~ 3.3.4.1 and all credible contingencies.

(b) Because available transmission capacity may increase during a month due to changes in system conditions, the Transmission Provider may also conduct auctions for blocks of PTRs that can be made available for a portion of a month. Blocks of PTRs sold at such auctions shall convey the right to schedule the use of a specific Flowgate in a specific direction for the specified hours of the calendar month.

~~3.3.3.3~~ 3.3.4.3 Two days prior to the Scheduling Day, the Transmission Provider shall conduct auctions of any remaining PTRs across a Flowgate that can be made available for that Scheduling Day. PTRs will be made available through peak and off-peak blocks. Blocks of peak PTRs shall convey the right to schedule the use of a specific Flowgate in a specific direction for every hour of the peak period. Blocks of off-peak PTRs shall convey the right to schedule the use of a specific Flowgate in a specific direction for every hour of the off-peak period. The amount of PTRs auctioned across a Flowgate on an hourly basis shall be equal to the available transmission capacity across the Flowgate during the block period, taking into account PTRs allocated to pursuant to Sections ~~3.3.1,~~ 3.3.2, ~~3.3.3.1~~ 3.3.3, 3.3.4.1 and ~~3.3.3.2~~ 3.3.4.2 and all credible contingencies.

(a) Off-peak periods shall be Saturdays, Sundays, NERC-defined holidays (e.g., Thanksgiving, Christmas, New Years Day, Memorial Day, Independence Day, and Labor Day), and those hours between 11:00 p.m eastern prevailing time and 7:00 a.m. eastern prevailing time of all other days.

(b) Peak periods shall be all periods that are not off-peak periods.

~~3.3.4~~ 3.3.5 Auction Procedures

~~3.3.4.1~~ 3.3.5.1 Any Eligible Customer or Scheduling Coordinator may acquire PTRs through the auction process. An Eligible Customer that has not entered into a Service Agreement under the Tariff must enter into an agreement with the Transmission Provider agreeing to be bound by the terms of this Attachment P. All bidders must satisfy the creditworthiness requirements under this Tariff. A bidder may not submit bids that exceed the creditworthiness established by the Transmission Provider for that bidder.

~~3.3.4.2~~ 3.3.5.2 A bidder must have access to the computer hardware, software, and communications equipment required to participate in the Transmission Provider's auctions.

~~3.3.4.3~~ 3.3.5.3 Auctions shall be single-round, single clearing price auctions. The auctions for each of the Flowgates shall be conducted simultaneously.

~~3.3.4.4~~ 3.3.5.4 The Transmission Provider shall post on its OASIS all information regarding an auction that is commercially significant, including the following:

(a) the number of PTRs to be issued for each Flowgate;

(b) the date and time prior to the commencement of the auction by which each bidder must have satisfied the necessary financial requirements;

(c) the specifications for the technical equipment necessary to participate in the auction;

(d) the date and time by which bids must be submitted, which shall be the same for all Flowgates; and

(e) the form and format in which bids must be submitted.

~~3.3.4.5~~ 3.3.5.5 A bidder must specify:

(a) the number of PTRs the bidder desires to purchase;

(b) the maximum price per PTR (in $/MW) which the bidder wishes to pay for those PTRs; and

(c) whether it is acceptable for the Transmission Provider to fulfill part of the bid, or whether the bid is submitted on an "all-or-none" basis.

~~3.3.4.6~~ 3.3.5.6 Once submitted, a bid may not be cancelled or rescinded by the bidder.

~~3.3.4.7~~ 3.3.5.7 For each Flowgate:

(a) all bids received by the Transmission Provider shall be stacked in the order of highest bid to lowest bid;

(b) the winning bids shall be determined by moving up the stack from the highest bid to the lowest bid, until the cumulative quantity of PTRs associated with these bids (the "winning bids") is greater than or equal to the total number of PTRs available;

(c) if the last winning bid is an "all-or-none" bid that

cannot be completely honored, that bid shall be rejected and removed from the stack;

(e) the PTR clearing price for a Flowgate is the price of the last PTR allocated through the auction process for that Flowgate; and

(d) in the event that there are multiple bids with prices equal to the PTR clearing price, and all such bids cannot be satisfied, each of those bids shall be awarded a pro rata share of the PTRs that remain after PTRs have been allocated to higher price bids.

~~3.3.4.8~~ 3.3.5.8 The Transmission Provider shall announce the results of the auction simultaneously to all bidders, by posting on the Transmission Provider's OASIS, for each Flowgate, the quantities of PTRs awarded to each bidder and the clearing price for each Flowgate.

~~3.3.4.9~~ 3.3.5.9 For each Flowgate, each winning bidder in a PTR auction shall pay the Transmission Provider the following charges:

(a) an amount equal to the quantity of PTRs awarded to that bidder multiplied by the PTR clearing price; plus

(b) an auction administration fee, which shall be as specified in the Tariff.

~~3.3.5~~ 3.3.6 Allocation of Auction Revenues

Revenues received from auctions of PTRs shall be used during the true-up process of Attachment U to reduce Annual System Transmission Costs.

3.4 Secondary Market for PTRs

3.4.1 To assist in the liquidity of the secondary market for PTRs:

3.4.1.1 the Transmission Provider will post on its OASIS PTDFs for all sources and sinks and the identities of the current PTR holders;

3.4.1.2 holders of PTRs that wish to sell PTRs may post on the Transmission Provider's OASIS offers for such sales;

3.4.1.3 entities that wish to purchase PTRs may post on the Transmission Provider's OASIS offers to purchase such PTRs.

3.4.2 The entity that owns or controls a PTR may assign, sell, transfer ownership of, or transfer the right to schedule the use of, a PTR, a block of PTRs, or any portions of a block of PTRs, to any Eligible Customer or Scheduling Coordinator. The revenues from such transaction shall accrue to the entity that owned or controlled said PTRs.

3.4.3 It shall be the responsibility of the entity owning or controlling PTRs to report to the Transmission Provider any sale of its PTRs for posting on the OASIS, and the Transmission Provider shall not accept instructions from any other entity to post a change in PTR ownership. As provided in Section 3.4.4, the ownership posted on the OASIS shall govern any disputes over the ownership of PTRs.

3.4.3.1 All purchasers and sellers of PTRs shall retain, for each Flowgate, records of the quantities of PTRs purchased or sold through secondary markets, for a period of one year following the purchase or sale of the PTRs. Such records shall be made available to the Transmission Provider upon request.

3.4.4 ~~The~~ Other than posting reported changes of ownership on its OASIS, the Transmission Provider shall assume no role in tracking the ownership of PTRs that have been traded in secondary markets, and expressly assumes no liability for any damages resulting from disputes that arise over the right to schedule the use

of a PTR. In the event that two or more Scheduling Coordinators submit schedules that assert the right to schedule the use of an identical PTR:

3.4.4.1 the Transmission Provider shall provide the Scheduling Coordinators that claim the right to use the PTR with an opportunity to resolve ownership of the PTR and resubmit their schedules;

3.4.4.2 if the Scheduling Coordinators do not resolve the conflicting claims in their revised schedules, then ~~: (i) if one of the Scheduling Coordinators is the entity that purchased the PTR in the Transmission Provider's auction under Section 3.3.3 or initially was allocated the PTR under Section 3.3.1 or Section 3.3.2,~~ the Transmission Provider shall ~~grant the claim of that Scheduling Coordinator; (ii) otherwise~~ accept the schedule submitted by the entity listed on the OASIS as the owner of the PTRs. If none of the entities submitting conflicting claims is listed on the OASIS as the owner of the PTRs, the Transmission Provider shall select one of the conflicting claims using an objective, random process and notify the other Scheduling Coordinator that it must resubmit its schedule without the disputed ~~PTR. In either case, the Transmission Provider shall disclose to the disputing Scheduling Coordinators the identity of the party that purchased the PTR in the Transmission Provider's auction or initially was allocated the PTR under Section 3.3.1 or Section 3.3.2, to enable them to resolve their claim with no further involvement of the Transmission Provider.~~ PTRs.

3.5 RTRs

3.5.1 PTRs that are not scheduled in the Day-Ahead Scheduling Process will be made available through auction under Section 9.3.2 as RTRs, subject to the recall rights specified in Section ~~3.5.3~~ 3.5.4.

3.5.2 The revenues from the auction of unscheduled PTRs will be used during the true-up process of Attachment U to reduce Annual

System Transmission Costs, and will not be paid to the original PTR holder.

3.5.3 A Scheduling Coordinator may submit alternative bids for RTRs and NPTRs. Further, a Scheduling Coordinator may specify that its bid for RTRs automatically will convert to a bid for NPTRs in the event that either (a) its bid for RTRs is not accepted or (b) it is granted RTRs which later are recalled.

3.5.4 The original entity that owned or controlled a PTR auctioned pursuant to Section 3.5.1 may recall the PTR and schedule the PTR during the Schedule Adjustment Process up to 120 minutes prior to the applicable hour. A PTR auctioned under Section 3.5.1 that is not recalled by 120 minutes prior to the hour shall be non-recallable after that time.

~~3.5.4~~ 3.5.5 RTRs across a Flowgate shall be considered recalled first from those Scheduling Coordinators that purchased the RTRs across the Flowgate during the Schedule Adjustment Process, on a last-in, first-out basis. RTRs next shall be considered recalled from those Scheduling Coordinators that provided the lowest bids for RTRs across said Flowgate during the Day-Ahead Scheduling Process. In the event of a tie, RTRs shall be considered recalled on a pro rata basis from the Scheduling Coordinators in a tie, provided that RTRs shall be considered recalled first from any such Scheduling Coordinator that bid on an "all-or-none" basis.

~~3.5.5~~ 3.5.6 If a RTR is recalled by the original PTR holder, the applicable RTR holder shall be refunded all amounts paid to obtain such RTR. Upon learning that its RTR was recalled, the RTR holder shall adjust its schedules to satisfy the balanced schedule requirement prior to the hour.

3.6 NPTRs

3.6.1 The Transmission Provider shall make NPTRs available from additional transfer capability that it reasonably anticipates across

one or more Flowgates and through the redispatch of incs and decs at the request of a Scheduling Coordinator.

3.6.2 NPTRs will be made available on an hourly basis in accordance with this Attachment P.

3.6.3 Requests for NPTRs may be made in the Day-Ahead Scheduling Process, and may be made on an "all-or-none" basis. Such request must include a maximum price that the requestor is willing to pay for the NPTR.

3.6.4 The ~~hourly price of each NPTR~~ cost of redispatch applicable to NPTRs for an hour across a Flowgate shall be calculated after the Transmission Provider no longer accepts schedule changes for that hour (except as provided in Section 9.4.3, 30 minutes prior to the applicable hour).

3.6.4.1 At that time, the Transmission Provider shall determine the incs and decs necessary to provide redispatch to accommodate requests for NPTRs across the Flowgate, taking into account the additional Net Flowgate Capability the Transmission Provider reasonably anticipates across the applicable Flowgate.

3.6.5 The hourly price of each NPTR across a Flowgate shall be determined by dividing the total redispatch cost, if any, to provide NPTRs across the Flowgate for the hour by the total number of NPTRs provided across that Flowgate during that hour, including the number of NPTRs provided from the additional Net Flowgate Capability the Transmission Provider reasonably anticipates across the applicable Flowgate. ~~–~~

~~3.6.5~~ 3.6.5.1 There shall be no costs associated with the additional Net Flowgate Capability the Transmission Provider reasonably anticipates across the Flowgate.

3.6.6 NPTRs across a Flowgate shall be allocated first to Scheduling Coordinators with the highest bids. In the event all requests for

NPTRs across a Flowgate cannot be satisfied, NPTRs shall be allocated to Scheduling Coordinators that submitted the same lowest accepted bid on a pro rata basis based on the number of NPTRs across the Flowgate requested, provided that such Scheduling Coordinators that requested NPTRs on an "all-or-none" basis shall not be allocated NPTRs.

3.6.6.1 In no event shall ~~a NPTR be allocated~~ NPTRs be granted for an hour to a Scheduling Coordinator that ~~does not bid an amount greater~~ submits a bid for such service that is less than ~~or equal to~~ the hourly price ~~for the NPTR~~ to provide such service for that hour.

~~3.6.6~~ 3.6.7 An Eligible Customer or Scheduling Coordinator that schedules a transaction that creates a counterflow across a Flowgate shall be allocated NPTRs equal to the number of MW of congestion cleared on the Flowgate as a result of the counterflow. The NPTRs allocated under this Section ~~3.6.6~~ 3.6.7 shall be valid only at such times as the counterflow actually is occurring. If the scheduled counterflow is cancelled prior to ~~real time~~ Real Time, the NPTR shall be cancelled and the NPTR holder must submit a new balanced schedule. In the event that a scheduled counterflow does not materialize in ~~real time~~ Real Time, the Scheduling Coordinator that scheduled the counterflow shall be responsible for any congestion costs associated with replacing the counterflow transaction.

4 Reservation of Transmission Capacity for Non-Flowgate Facilities

4.1 A Scheduling Coordinator must obtain transmission capacity for the use of non-Flowgate facilities required for its transaction. This transmission capacity shall be obtained pursuant to Parts II and III of the Tariff or as Next-Day Buy Through Service.

4.2 A Scheduling Coordinator that has entered into a Service Agreement under this Tariff may request Next-Day Buy Through Service for one or more hours at the same time it submits its balanced day-ahead schedule. Next-Day Buy Through Service will be made available on an hourly basis in accordance with this Attachment P.

4.3 Next-Day Buy Through Service shall be available from transmission capability on Non-Flowgate Facilities in excess of that needed for reliable service under Parts II and III of the Tariff, and through redispatch as provided in this Attachment P.

4.4 A request for Next-Day Buy Through Service shall include a maximum redispatch price that the requestor is willing to pay for such service in each hour it requests service, and may be made on an "all-or-none" basis. Such a request also must include either (a) a designated Point of Receipt and Point of Delivery or (b) the designation of the ~~Scheduling Coordinator's~~ Network Load ~~located within a Transmission Rate Zone~~ that will be served by Next-Day Buy Through Service, and the resource that will be used to serve the Network Load using Next-Day Buy Through Service. To the extent that a Scheduling Coordinator has not otherwise obtained sufficient rights to transmission across non-Flowgate facilities, and has not made a specific request for Next-Day Buy Through Service, the Scheduling Coordinator shall be deemed to have submitted a request for Next-Day Buy Through Service at the same time that it submits its balanced schedule, with no limit on the amount it is willing to pay for redispatch service.

~~4.4~~ 4.5 The cost of redispatch applicable to Next-Day Buy Through Service for an hour shall be ~~allocated first to Scheduling Coordinators with the highest bids. In the event all~~ calculated after the Transmission Provider no longer accepts schedule changes for that hour (except as provided in Section 9.4.3, 30 minutes prior to the applicable hour).

4.5.1 At that time, the Transmission Provider shall determine the incs and decs necessary to provide redispatch to accommodate requests for Next-Day Buy Through Service ~~across constrained non-Flowgate facilities cannot be satisfied.~~.

4.6 Next-Day Buy Through Service shall be allocated first to Scheduling

Coordinators that submitted the ~~same lowest accepted bid on a pro rata basis, provided that such Scheduling Coordinators that requested~~ highest redispatch prices for the hour. In the event all requests for Next-Day Buy Through Service for the hour across constrained non-Flowgate facilities cannot be satisfied, Next-Day Buy Through Service shall be allocated to Scheduling Coordinators that submitted the same lowest accepted redispatch price for the hour on a pro rata basis based on the number of MW of service across the non-Flowgate facilities requested by the Scheduling Coordinators, provided that such Scheduling Coordinators that requested Next-Day Buy Through Service on an "all-or-none" basis for the hour shall not be allocated Next-Day Buy Through Service.

~~4.5~~ 4.6.1 In no event shall Next-Day Buy Through Service be granted for an hour to a Scheduling Coordinator that submits a bid for such service that is less than ~~or equal to~~ the hourly price of redispatch to provide such service for that hour.

~~4.6~~ 4.7 The hourly charge for Next-Day Buy Through Service shall be the sum of the following:

~~(a)~~ 4.7.1 The hourly redispatch cost, if any, incurred to provide the Next-Day Buy Through Service, calculated by ~~Congestion~~ Settlement Zone and allocated to the purchasers of such service in the ~~Congestion Zone.~~ Settlement Zone.

~~(b) For~~ 4.7.1.1 The cost of redispatch to accommodate Next-Day Buy Through Service in a Settlement Zone in an hour shall be equal to the net cost of redispatch scheduled by the Transmission Provider for the hour for such service in such Settlement Zone.

4.7.2 A transmission access charge, if applicable.

4.7.2.1 A Scheduling Coordinator using Next-Day Buy Through Service to serve designated Network Load will not be subject to a transmission access charge.

4.7.2.2 A Scheduling Coordinator using Next-Day Buy Through

Service to serve a Point of Delivery, i.e., other than service to the Scheduling Coordinator's designated Network Load, ~~the Scheduling Coordinator~~ shall pay:

(i) For service to a Point of Delivery within a Transmission Rate Zone, including to a TDU or other load serving entity that does not join GridFlorida but is located within a Transmission Rate Zone, 1/4160 of the Zonal Rate provided in Schedule 7, multiplied by the number of MW of such Next-Day Buy Through Service provided to the Scheduling Coordinator during the hour.

(ii) For service that is not provided to a Point of Delivery within a Transmission Rate Zone, 1/4160 of the Through And Out Rate provided in Schedule 7, multiplied by the number of MW of such Next-Day Buy Through Service provided to the Scheduling Coordinator during the hour.

(iii) In addition to the applicable charges pursuant to (i) and (ii), 1/4160 of the System-Wide Rate, multiplied by the total number of MW of Next-Day Buy Through Service provided to the Scheduling Coordinator during the hour.

~~(c)~~ 4.7.3 All other charges applicable to transmission service under the Tariff.

4.8 The treatment of Next-Day Buy Through Service when congestion occurs on non-Flowgate facilities during Real Time operations is described in Section 12.2 hereof.

5 Regulation and Frequency Response Service

5.1 Two days before the Scheduling Day, the Transmission Provider and Internal Control Areas shall determine the amount of MWs needed to provide Regulation Service for each hour of the Scheduling Day based upon forecasted loads. The Transmission Provider will on a load ratio

share basis allocate MW requirements for Regulation Service to each Scheduling Coordinator within the Transmission Provider's Control Area. Each Internal ~~5.2 Scheduling Coordinators that are~~ Control Area ~~operators must self-supply~~ will on a load ratio share basis allocate MW requirements for Regulation Service~~, using their own resources or through bilateral contracts. All other~~ to each Scheduling ~~Coordinators may self-provide~~ Coordinator within the Internal Control Area.

5.2 A Scheduling Coordinator serving load in the Transmission Provider's Control Area may (i) purchase Regulation Service ~~using their own resources or through bilateral contracts, or purchase such service~~ from the Transmission Provider pursuant to this Tariff, (ii) self-schedule Regulation Service from~~.~~

~~5.2.1 To the extent a~~ generating ~~unit is being used by a Scheduling Coordinator that is a~~ units located within the Transmission Provider's Control Area ~~operator to self-supply Regulation Service, including though a~~, whether through bilateral ~~contract, such~~ agreements or from generating ~~unit shall not be subject to the control of the Transmission Provider. Otherwise, a~~ units owned by the Scheduling Coordinator, and/or (iii) dynamically schedule generating units into the Scheduling Coordinator's Control Area and self-schedule Regulation Service from those units. A generating unit providing Regulation Service ~~through the Regulation Service market, bilateral agreement, or self-schedule~~ in the Transmission Provider's Control Area, whether such service is self-scheduled or purchased under this Tariff, shall be available for control by the Transmission Provider during the hours the unit is providing Regulation Service, within the regulating range being used to provide Regulation Service.

5.3 Except as provided in Section 5.4, a Scheduling Coordinator serving load in an Internal Control Area may (i) purchase Regulation Service from the Transmission Provider pursuant to this Tariff, (ii) self-schedule Regulation Service from generating units located within the Internal Control Area, whether through bilateral agreements or from generating units owned by the Scheduling Coordinator, (iii) dynamically schedule generating units into the Internal Control Area and self-schedule Regulation Service from those units, and/or (iv) dynamically schedule its load out of the Internal Control Area to the Transmission Provider's Control Area. A generating unit providing Regulation Service in an Internal Control Area, whether such service is self-scheduled or purchased under this Tariff, shall be available for control by the Internal Control

Area during the hours the unit is providing Regulation Service, within the regulating range being used to provide Regulation Service.

5.4 A Scheduling Coordinator that is an Internal Control Area must self-supply Regulation Service, using its own resources or through bilateral contracts. To the extent a generating unit is being used by a Scheduling Coordinator that is an Internal Control Area to self-supply Regulation Service, including though a bilateral contract, such generating unit shall not be subject to the control of the Transmission Provider.

5.5 ~~5.2.2~~ A Scheduling Coordinator may purchase Regulation Service under this Attachment P only for loads in the Transmission Provider's Control Area or an Internal Control Area. Until such time as a market for

~~5.3 The Transmission Provider will determine, based on the amount of~~ Regulation Service ~~self-provided by Scheduling Coordinators,~~ is put into effect that will satisfy the ~~amount of Regulation Service the~~ Transmission ~~Provider must procure in its role~~ Provider's obligation to act as provider of last resort~~. The~~ for such service, the Transmission Provider will ~~select the lowest cost resources that meet its regulation requirements,~~ satisfy its obligation to provide Regulation Service hereunder through agreements with Divesting Owners and Participating Owners. The Transmission Provider also may enter into agreements with third parties to offer Regulation Service hereunder.

5.5.1 The rates for Regulation Service shall reflect a pass-through of the costs incurred under the agreements entered into by the Transmission Provider pursuant to Section 5.5. Capacity rates shall be calculated on an average basis, i.e., the same capacity rate shall apply for all Regulation Service provided by the Transmission Provider during an hour.

5.5.2 Rates under the agreements entered into by the Transmission Provider pursuant to Section 5.5 will be effective only if they are accepted by the Commission or pursuant to a tariff accepted by the Commission.

5.5.3 A Scheduling Coordinator providing Regulation Service shall be paid, or pay for, energy produced or consumed in accordance with Section 13. ~~8.~~

~~5.4~~ 5.6 The Transmission Provider may establish locational or deliverability requirements for resources to be eligible to provide Regulation Service.

[SECTIONS 5.7 THROUGH 5.10 ARE NOT CURRENTLY IN EFFECT.

5.7 *Scheduling Coordinators may submit bids to provide Regulation Service based on the dispatch points for resources specified in their schedules. Bids submitted by Scheduling Coordinators shall specify the following: (i) number of MWs available for Regulation Service (i.e., the regulating range); (ii) $/MW bid; (iii) MW/minute capability; and (iv) $/MWh bid for incs and decs. Bids may include multiple generating units if the multiple units may be operated as a single unit and if such units have been pre-qualified by the Transmission Provider for such bidding, provided that a generating unit may only be bid as part of one group.*

~~5.4.1~~ 5.7.1 *Scheduling Coordinators only may bid generating units located in the Transmission Provider's Control Area into the Regulation Service market.*

~~5.4.2~~ 5.7.2 *The Transmission Provider will develop an annual certification test for each generating unit offering Regulation Service.*

~~5.5~~ 5.8 *In the Day-Ahead Scheduling Process, a Scheduling Coordinator may simultaneously offer the same resource capacity into any or all of the Ancillary Services markets for which the resource is capable of providing service. The Scheduling Coordinator may specify different capacity bids with a common associated energy bid curve from a single resource or from a portfolio of resources for each of the Ancillary Services.*

~~5.6~~ 5.9 *Bids to provide Regulation Service that are not selected in the Day-Ahead Scheduling Process, and that are associated with capacity that is not otherwise utilized by the Scheduling Coordinator or for other services under this Tariff, shall be considered available until withdrawn by the Scheduling Coordinator. Further, Scheduling Coordinators may submit additional bids to provide Regulation Service at any time during the Schedule Adjustment Process, provided that such bids shall not affect the bids selected during the Day-Ahead Scheduling Process, and provided further that the Transmission Provider has adequate time to incorporate*

such bids into the bidding process.

~~*5.6.1*~~ *5.9.1* *The Transmission Provider may call upon such bids whenever the availability of Regulation Service is insufficient at a particular time.*

~~*5.6.2*~~ *5.9.2* *When a Scheduling Coordinator's bid is called on under this Section ~~5.6~~ 5.9.2, the Scheduling Coordinator will be paid its availability bid price. The Scheduling Coordinator also shall be paid (pay) for energy produced (consumed) in accordance with Section 13.*

~~*5.7*~~ *5.10* *A Scheduling Coordinator that did not self-supply its full Regulation Service requirement shall pay (a) the market clearing capacity price for Regulation Service for each MW of Regulation Service that it did not self-supply, and (b) for energy associated with Regulation Service in accordance with Section 13.1*

6 Operating Reserves

6.1 The FRCC will establish minimum operating reserve (Spinning Reserves and Supplemental Reserves) requirements for Florida. The FRCC will allocate the Spinning Reserve and Supplement Reserve requirements to Control Areas, treating the Transmission Provider and Internal Control Areas as one Control Area. The Transmission Provider will allocate its share of Spinning Reserves and Supplemental Reserves to all Scheduling Coordinators in a manner consistent with the FRCC's allocation to Control Areas, provided that the Transmission Provider will not allocate Spinning and Supplemental Reserves to a Scheduling Coordinator that is a Control Area if the FRCC allocated such requirements directly.

6.2 When Scheduling Coordinators submit their balanced schedules, each Scheduling Coordinator must inform the Transmission Provider what portion (all, some, or none) of the Scheduling Coordinator's operating reserves obligation that the Scheduling Coordinator will self-provide, using its own resources or through bilateral contracts. The Scheduling Coordinator must identify the specific resources the Scheduling Coordinator will use to self-provide operating reserves, and the amount of such resources that satisfy its Spinning Reserves requirement. A

Scheduling Coordinator may utilize demand side management to satisfy operating reserves to the extent consistent with FRCC rules. The Scheduling Coordinator may purchase from the Transmission Provider portion of its operating reserves requirements that it does not self-provide.

6.3 Until such time as a market for operating reserves is put into effect that will satisfy the Transmission Provider's obligation to act as provider of last resort for such services, the Transmission Provider will satisfy its obligation to provide operating reserves hereunder through agreements with Divesting Owners and Participating Owners. The Transmission Provider also may enter into agreements with third parties to offer operating reserves hereunder.

6.3.1 The capacity rates for operating reserves shall reflect a pass-through of the costs incurred under the agreements entered into by the Transmission Provider pursuant to Section 6.3. Such rates shall be calculated on an average basis, i.e., the same capacity rate shall apply for all Spinning Reserves Service and the same capacity rate shall apply for all Supplement Reserves Service provided by the Transmission Provider during an hour.

6.3.2 Rates under the agreements entered into by the Transmission Provider pursuant to Section 6.3 will be effective only if they are accepted by the Commission or pursuant to a tariff accepted by the Commission.

6.3.3 When a Scheduling Coordinator's operating reserves are called-on by the Transmission Provider, that Scheduling Coordinator shall be paid for such energy in accordance with Section 13 hereof.

6.4 The Transmission Provider may establish locational or deliverability requirements for resources to be eligible to provide operating reserves.

[SECTIONS 6.5 THROUGH 6.9 ARE NOT CURRENTLY IN EFFECT.

6.5 ~~6.3~~ *Scheduling Coordinators may submit bids to provide operating reserves in the Day-Ahead Scheduling Process.*

~~6.3.1~~ 6.5.1 *Spinning Reserves*

Bids for Spinning Reserves shall specify the following: (i) number of MWs available for Spinning Reserves; (ii) $/MW bid; (iii) $/MWh bid.

~~6.3.2~~ 6.5.2 *Supplemental Reserves*

Bids for Supplemental Reserves shall specify the following: (i) number of MWs available for Supplemental Reserves; (ii) $/MW bid; (iii) $/MWh bid.

~~6.4~~ 6.6 *In the Day-Ahead Scheduling Process, a Scheduling Coordinator may simultaneously offer the same resource capacity into any or all of the Ancillary Services markets for which the resource is capable of providing service. The Scheduling Coordinator may specify different capacity bids with a common associated energy bid curve from a single resource or from a portfolio of resources for each of the Ancillary Services.*

~~6.5~~ 6.7 *The Transmission Provider will determine, based on the amount of reserves self-provided by Scheduling Coordinators, the amount of Spinning Reserves and Supplemental Reserves the Transmission Provider must procure in its role as provider of last resort.*

~~6.5.1~~ 6.7.1 *The Transmission Provider will select resources to provide operating reserves on the basis of submitted bids. The Transmission Provider will select the least-cost resources to provide the necessary service, in accordance with Section 8.*

~~6.5.2~~ 6.7.2 *The Transmission Provider will determine the amount of Spinning Reserves and Supplemental Reserves that it needs, but will select Spinning Reserves to provide Supplemental Reserves when the cost of available Spinning Reserve is less than the cost of available Supplemental Reserve.*

~~6.6~~ 6.8 *Bids to provide operating reserves that are not selected in the Day-Ahead Scheduling Process, and that are associated with capacity that is not*

otherwise utilized by the Scheduling Coordinator or for other services under this Tariff, shall be considered available until withdrawn by the Scheduling Coordinator. Further, Scheduling Coordinators may submit additional bids to provide operating reserves at any time during the Schedule Adjustment Process, provided that such bids shall not effect the bids selected during the Day-Ahead Scheduling Process, and provided further that the Transmission Provider has adequate time to incorporate such bids into the bidding process.

~~6.6.1~~ 6.8.1 *The Transmission Provider may call upon such bids whenever the availability of operating reserves is insufficient at a particular time.*

~~6.6.2~~ 6.8.2 *When a Scheduling Coordinator's bid is called on under this Section ~~6.6~~ 6.8, the Scheduling Coordinator will be paid its availability bid price. The Scheduling Coordinator also shall be paid for energy produced in accordance with Section 13.*

6.9 *A Scheduling Coordinator that did not self-supply its full Spinning Reserve requirement shall pay the market clearing capacity price for Spinning Reserves for each MW of Spinning Reserves that it did not self-supply. A Scheduling Coordinator that did not self-supply its full Supplemental Reserve requirement shall pay the market clearing capacity price for Supplemental Reserves for each MW of Supplemental Reserves that it did not self-supply. Energy associated with these services shall be priced in accordance with Section 13.1*

6.10 ~~6.7~~ In Real Time, the portion of a unit designated to provide ~~Operating Reserves~~ operating reserves will be deactivated in normal operating conditions. That is, in the absence of a contingency of at least 100 MW, the energy component of operating reserves will not be available to the Transmission Provider. In the event of a contingency, the energy component of operating reserves will be activated and placed in the Bid Stack. In the event operating reserves are activated, the Transmission Provider shall dispatch Spinning Reserves and Supplemental Reserves on the basis of the energy ~~bid~~ price only, provided such dispatch satisfies all applicable reliability requirements.

7 Operation of Real Time Balancing Market

7.1 All Control Areas, including Internal Control Areas, within the Regional Market shall be treated as a single region for the purposes of providing Ancillary Services and performing congestion management.

7.2 The Transmission Provider shall direct the Real Time operations of the Regional Market ~~6.8 A Scheduling Coordinator that did not self-supply its full Spinning Reserve requirement shall pay the market clearing capacity price for Spinning Reserves for each MW of Spinning Reserves that it did not self-supply. A Scheduling Coordinator that did not self-supply its full Supplemental Reserve requirement shall pay the market clearing capacity price for Supplemental Reserves for each MW of Supplemental Reserves that it did not self-supply. Energy associated with these services shall be priced~~ in accordance with ~~Section 13.~~ this Attachment P.

~~7 Balancing Service~~

~~Balancing Service is the use of ines and dees by~~ 7.3 With the exception noted for Regulation Service, the Transmission Provider shall direct the dispatch of all Ancillary Services and shall direct the dispatch of all resources under its control in Real Time ~~to deliver energy to or acquire energy from Scheduling Coordinators to balance~~ for the purposes of providing Balancing Service and for congestion management. Internal Control Areas shall be responsible for dispatching Regulation Service within their Control Area in accordance with the provisions of this Attachment P.

7.4 The Transmission Provider shall set the hourly interchange schedules between the Transmission Provider's ~~system~~ Control Area, Internal Control Areas, and External Control Areas as follows:

7.4.1 Interchange schedules of Internal Control Areas will be scheduled between the Transmission Provider and the Internal Control Area periodically throughout each hour, on a ten-minute basis or other frequency agreed to by the parties. The Transmission Provider shall establish a baseline schedule for each hour based on the balanced schedules submitted by the Scheduling Coordinator for

the Internal Control Area and any fixed interchange schedules with External Control Areas. Adjustments to these interchange schedules will be determined by the Transmission Provider as a result of its Real Time balancing market dispatch process as described in Section 8.

7.4.2 Interchange schedules with External Control Areas will be coordinated by the Transmission Provider, including interchange schedules between Internal Control Areas and External Control Areas. These schedules will be coordinated per traditional interchange scheduling practices of the FRCC.

8 Bid Stack and Bid Evaluation for Ancillary Services

8.1 During the scheduling process the Transmission Provider shall develop and update a Bid Stack for incs and decs, as provided in this Attachment P.

8.2 The Transmission Provider shall develop one Bid Stack, however, the Transmission Provider's ability to call on certain bids in that Bid Stack may be limited, as provided in this Attachment P.

8.3 The Transmission Provider shall use inc and dec bids from the Bid Stack only as follows:

8.3.1 The Transmission Provider shall utilize incs and decs for congestion management purposes in accordance with this Attachment P.

8.3.2 The Transmission Provider shall utilize incs and, as applicable, decs in ~~real time~~ Real Time to provide Balancing Service.

8.4 The Transmission Provider shall not be required to utilize inc and dec pairs from the same Scheduling Coordinator's resources, e.g., the Transmission Provider shall be permitted to utilize an inc from one Scheduling Coordinator's resources and an associated dec from another Scheduling Coordinator's ~~resource~~ resources to provide redispatch for the purposes enumerated under this Tariff.

8.5 Except as otherwise provided in this Section 8.5, when it is necessary to increase energy from resources, the Transmission Provider shall select from the Bid Stack the resource that has the lowest incremental energy bid price. When it is necessary to reduce energy from resources, the Transmission Provider shall select from the Bid Stack the resource that has the highest decremental bid price. When resources with identical inc or dec bids are available, and the entire amount of the resources is not required, the Transmission Provider shall to the extent possible call on an equal share of incs and decs from each such resource.

8.5.1 When the Transmission Provider has utilized an inc for a resource, the Transmission Provider shall decrease that resource's output to eliminate the amount of the inc prior to utilizing a dec from a different resource, provided such action results in the necessary dispatch of the system.

8.5.2 When the Transmission Provider has utilized a dec for a resource, the Transmission Provider shall increase that resource's output to eliminate the amount of the dec prior to utilizing an inc from a different resource, provided such action results in the necessary dispatch of the system.

8.5.3 Resources shall be backed down in the reverse order as they were incremented. Further, resources shall be moved up in the reverse order as they were decremented.

8.5.4 Certain system contingencies and congestion management may require that resources be dispatched on the basis of location as well as price. Resources dispatched for the purpose of congestion management shall be dispatched to minimize redispatch costs. The ~~Balancing~~ Settlement Period Energy Clearing Price for each ~~Congestion~~ Settlement Zone ~~shall~~ may vary under these circumstances and shall be determined in accordance with Section 13.

8.6 During Real Time operations, the Transmission Provider shall use the incs and decs submitted by Scheduling Coordinators to determine the least cost solution for Balancing Service and managing congestion within the Regional Market in accordance with the following principles:

8.6.1 The Transmission Provider shall periodically execute a Real Time dispatch process that is based on a security constrained economic dispatch algorithm and is consistent with this Attachment P.

8.6.2 The Real Time dispatch process will take into account factors such as short term load forecasts, transmission constraints, credible contingencies, interchange schedules, and generating unit operating parameters.

8.6.3 The Real Time dispatch process will evaluate the entire Regional Market as a single market. For the purposes of determining the least cost solution, the Real Time dispatch process will ignore Control Area boundaries between the Transmission Provider's Control Area and Internal Control Areas.

8.6.4 The output of the Real Time dispatch process will be a desired set of dispatch instructions to increase or decrease, as applicable, the output of generators or dispatchable loads and may include schedule changes between the Transmission Provider's Control Area and Internal Control Areas.

[SECTION 8.7 IS NOT CURRENTLY IN EFFECT.

8.7 When selecting bids for operating reserves and Regulation Service:

~~*8.6.1*~~ *8.7.1 The Transmission Provider shall differentiate between bids for Regulation Service, Spinning Reserves, and Supplemental Reserves only through the capacity bid associated with the resource, except in the case of a tie, in which case the Transmission Provider shall choose the bid with the lowest energy bid price.*

~~*8.6.2*~~ *8.7.2 The Transmission Provider shall dispatch energy from a resource that has been committed to provide Ancillary Services based on its energy bid price and the rules specified in this Attachment, including rules for use of the Bid Stack.*

~~*8.6.3*~~ *8.7.3 The Transmission Provider shall accept Ancillary Service*

capacity reservation bids submitted to the auctions by Scheduling Coordinators such that (a) after adjusting for self-provided Ancillary Services, the total amount of each Ancillary Service capacity procured by the Transmission Provider meets the Transmission Provider's requirements; (b) the amount of Ancillary Service capacity reserved from each resource is less than or equal to the amount of Ancillary Service capacity offered in the Ancillary Service capacity reservation bid of the Scheduling Coordinator responsible for the resource; and (c) the aggregated cost of the accepted bids is minimized, while taking system conditions into account.

~~8.6.4~~ 8.7.4 *The Transmission Provider shall simultaneously procure resources for Regulation Service, Spinning Reserves, and Supplemental Reserves for each Settlement Period.*

~~8.6.5~~ 8.7.5 *Any resource accepted by the Transmission Provider in one of the Ancillary Service procurement auctions shall be deducted from the capacity that is available for procurement in other Ancillary Service procurement auctions.*

~~8.6.6~~ 8.7.6 *The Transmission Provider shall determine a market clearing price that shall be paid to a Scheduling Coordinator for each Ancillary Service under this Attachment P. The market clearing price shall equal the highest priced capacity reservation bid accepted by the Transmission Provider for providing that Ancillary Service. Energy associated with ancillary services shall be accounted for in accordance with Section 13 hereof.*[1]

9 Scheduling

9.1 Balanced Schedules

9.1.1 In the Day-Ahead Scheduling and Schedule Adjustment Processes, each Scheduling Coordinator must provide for each hour of the Scheduling Day hourly balanced schedules for generation and load

based on defined sources and sinks, rights to use non-Flowgate facilities necessary to transact those balanced schedules, and the PTRs, RTRs and/or NPTRs necessary to transact such balanced schedules. Each Scheduling Coordinator also must identify all generating units it will use to self-supply ~~Operating Reserves~~ operating reserves and Regulation Service, including through bilateral purchases.

9.1.2 Scheduling Coordinators must identify any inter-Scheduling Coordinator ~~transactions~~ trades included in the schedules and must identify the ~~Congestion~~ Settlement Zone in which the ~~transaction~~ trade will be accounted. The purchasing Scheduling Coordinator shall be deemed to have provided the amount of service ~~in the designated Congestion Zone~~ associated with the inter-Scheduling Coordinator ~~transaction~~ trade. The selling Scheduling Coordinator will be obligated to provide the service in accordance with this Tariff, including ensuring that all necessary transmission rights have been obtained.

9.2 Incremental and Decremental Energy Bids

9.2.1 Each Scheduling Coordinator must submit incs and decs for congestion management, and, as applicable, Balancing Service. Incs and decs must be provided for all resources scheduled in the Day-Ahead and Schedule Adjustment Processes, as well as all Quick-Start Resources, whether scheduled or not.

9.2.2 Scheduling Coordinators may include as part of their bids of incs, bids to reduce the amount of energy consumed by Dispatchable Demand. Such bids shall be included in the Bid Stack as incs, and treated as such for all purposes under this Tariff. Scheduling Coordinators also may include as part of their decs, bids to increase the amount of energy consumed by Dispatchable Demand. Such bids shall be included in the Bid Stack as decs, and treated as such for all purposes under this Tariff.

9.2.3 Each Scheduling Coordinator shall follow the Transmission Provider dispatch instructions with respect to redispatch for congestion management purposes from units bid into the Bid

Stack, consistent with Good Utility Practice.

9.3 Day-Ahead Scheduling Process

9.3.1 Two Days Ahead of the Scheduling Day

1500: Publication of forecasted system conditions for the Scheduling Day. Publication of amount of MWs needed to provide Regulation Service for each hour of the Scheduling Day based upon forecasted loads, and allocation to each Scheduling Coordinator.

1500: Posting of the quantities of additional PTRs for the Scheduling Day that will be made available through the daily auction process, posted on the basis of peak and off-peak blocks.

1500 – 1600: The Transmission Provider accepts bids for PTRs in the daily auction.

1615: Notification to winning PTR bidders in the daily auction.

9.3.2 One Day Ahead of the Scheduling Day

0600: Update of forecasted system conditions.

0900: Scheduling Coordinator submittal for each hour of the Scheduling Day of (i) hourly balanced schedules for generation and load, (ii) PTRs the Scheduling Coordinator will use to transact such balanced schedules, (iii) incs and, where applicable, decs for use in congestion management and Balancing Service, (iv) plans to self-supply Ancillary Services; (v) when markets for such services are in effect under Sections 5 and 6 hereof, bids to provide Regulation Service and ~~Operating Reserves~~ operating reserves; (vi) bids for NPTRs, (vii) schedules for Point-to-Point and Network Integration Transmission Services that will be utilized to support the Scheduling Coordinator's balanced schedule, and (viii) bids for Next-Day Buy Through Service. The Scheduling Coordinator may submit

schedules that assume the NPTRs, RTRs, and Next-Day Buy Through Service will be granted.

0915: The Transmission Provider will develop an initial Bid Stack. The Transmission Provider shall begin to notify Scheduling Coordinators whether their bids for NPTRs and Next-Day Buy Through Service likely are to be accepted. The Transmission Provider shall update these notifications as conditions warrant throughout the scheduling process. A Scheduling Coordinator may withdraw its bid for NPTRs or Next-Day Buy Through Service at any time if the Transmission Provider notifies the Scheduling Coordinator that its bid is not likely to be accepted.

0930: The Transmission Provider shall conduct an auction of unscheduled PTRs. Unscheduled PTRs shall be auctioned for each hour of the Scheduling Day as RTRs, in accordance with the procedures of Section ~~3.3.4~~ 3.3.5. The Transmission Provider also shall determine the amount of Regulation Service and ~~Operating Reserves~~ operating reserves to be procured.

1000: The Transmission Provider shall notify winning bidders of RTRs.

1030: Winning bidders for RTRs may adjust their bids for NPTRs.

1100: ~~The~~ When markets for such services are in effect under Sections 5 and 6 hereof, the Transmission Provider shall determine the bids for Regulation Service and ~~Operating Reserves~~ operating reserves that are accepted, notify the winning bidders, and establish the capacity clearing price for such services.

1300: ~~The~~ When markets for such services are in effect under Sections 5 and 6 hereof, the Transmission Provider shall develop a new Bid Stack of incs and decs. Incs and decs associated with capacity selected to provide ~~Operating~~

~~Reserves~~ operating reserves and Regulation Service shall not be included in the new Bid Stack. However, in the event of a contingency, the energy component of ~~Operating Reserves~~ operating reserves will be activated and the incs and decs for such energy will be placed in the Bid Stack.

9.4 Schedule Adjustment Process

9.4.1 The Schedule Adjustment Process commences immediately upon completion of the Day-Ahead Scheduling Process. The Schedule Adjustment Process is an ongoing, continuous process, within which the Transmission Provider shall process all Scheduling Coordinators' requests for schedule changes as they are received by the Transmission Provider, on a first-come, first-served basis.

9.4.2 A Scheduling Coordinator may not recall PTRs auctioned pursuant to Section 3.5 later than 120 minutes prior to the applicable hour. The Transmission Provider shall notify the applicable RTR holder as soon as reasonably practicable after an RTR is recalled by the original holder.

9.4.3 The Transmission Provider shall accept schedule changes submitted by a Scheduling Coordinator up to 30 minutes prior to the start of the applicable hour, provided all other requirements of this Attachment P are satisfied. Notwithstanding the foregoing, when there would be insufficient time for a Scheduling Coordinator to reasonably respond to unplanned outages of generating units or transmission facilities, the Transmission Provider may waive the deadline for submitting schedule changes in response to such outages or changes.

9.4.4 Once the Transmission Provider no longer accepts schedule changes for an hour (except as provided in Section 9.4.3, 30 minutes prior to the applicable hour), the Transmission Provider shall notify Scheduling Coordinators whether their bids for NPTRs for the hour are accepted. The Transmission Provider also shall notify Scheduling Coordinators whether their bids for Next-Day Buy Through Service for the hour are accepted.

9.4.4.1 Scheduling Coordinators whose bids for NPTRs or Next-Day Buy Through Service were not accepted ~~may~~ shall either (a) resubmit schedules that are supported by any necessary PTRs and/or RTRs and transmission rights on non-Flowgate facilities or (b) if such service can be made available, agree to pay the additional redispatch associated with obtaining the necessary NPTRs or Next-Day Buy Through Service at that time.

9.4.5 During the Schedule Adjustment Process RTRs available across a Flowgate shall remain available on a first-come, first-served basis at the clearing price established in the Day-Ahead Scheduling Process for the applicable hour. Such RTRs shall be deemed recalled prior to the recall of any RTRs purchased in the Day-Ahead Scheduling Process.

[SECTION 9.4.6 IS NOT CURRENTLY IN EFFECT.

9.4.6 A Scheduling Coordinator may re-designate the generating resources scheduled in the Day-Ahead Scheduling Process to provide Regulation Service or operating reserves, provided that such re-designation does not adversely affect the Scheduling Coordinator's ability to provide the previously scheduled service, such re-designation shall not increase any market clearing price under this Attachment P, and the Scheduling Coordinator will be responsible for any costs incurred by the Transmission provider in connection with such change.]

9.4.7 A Scheduling Coordinator's request to change any portion of its Schedules shall be approved by the Transmission Provider provided that:

9.4.7.1 there is sufficient time for the Transmission Provider to evaluate the impacts of the proposed schedule change;

9.4.7.2 the Scheduling Coordinator has all necessary transmission rights, including PTRs, RTRs, and NPTRs;

9.4.7.3 the request is consistent with the Scheduling Coordinator's

commitments in the Day-Ahead Scheduling Process for self-provided Ancillary Services and commitments to provide Regulation Service and operating reserves;

9.4.7.4 the resulting schedule is a balanced schedule; and

9.4.7.5 the resulting schedule does not cause congestion on non-Flowgate facilities.

[SECTION 9.4.8 IS NOT CURRENTLY IN EFFECT.

9.4.8 Except as provided in Section 9.4., acceptance by the Transmission Provider of changes during the Schedule Adjustment Process shall not affect the Scheduling Coordinator's obligations incurred in the Day-Ahead Scheduling Process under this Attachment P.]

9.5 Validation

9.5.1 The Transmission Provider shall perform validation of each Scheduling Coordinator's data at every stage of the Day-Ahead Scheduling Process and Schedule Adjustment Process. The Transmission Provider shall immediately notify each Scheduling Coordinator of successful validation and of any errors detected by the Transmission Provider.

9.5.2 The Transmission Provider shall make copies of the Transmission Provider's validation rules and software available to the Scheduling Coordinators to enable Scheduling Coordinators to pre-validate their data.

9.6 Scheduling Coordinator Right to Adjust Schedules During Real-Time Operations

A Scheduling Coordinator ~~that is not a Control Area operator may submit a revised~~ may amend its generation schedule and/or its schedule with External Control Areas, in response to the partial or total loss of a scheduled generating resource (including due to a loss of a transmission line that isolates the generating resource) equal to the lower of 50 MW or 25 percent of ~~any one scheduled resource or load at any time, to be~~

~~effective 10 minutes after submission.~~ the resource, as soon as reasonably practicable and consistent with the Transmission Provider's reliability requirements, provided that this provision does not permit a Scheduling Coordinator to amend its balanced schedule due to forecasting error. In the event that the amended schedule is related to a bilateral transaction with another Scheduling Coordinator, the Scheduling Coordinators may submit an inter-Scheduling Coordinator trade for the relevant Settlement Periods so that the transaction is properly accounted for in the settlements process. The parties to such a transaction must specify the MW quantity and location of settlement obligation that is to be transferred from one Scheduling Coordinator to the other. The Transmission Provider shall accept such inter-Scheduling Coordinator trade amendments up to two days following the actual day and shall use the amended schedule in its settlements process.

9.7 Temporary Deviations from Scheduling Procedures

9.7.1 If the Transmission Provider is unable to comply with any of the deadlines specified in this Attachment P, the Transmission Provider may temporarily deviate from the requirements of this Attachment to the extent necessary to ensure the secure operation of the Transmission System. Temporary measures may include variation of the timing requirements specified in this Attachment or omission of one or more procedures in the scheduling process. In such an event, the Transmission Provider shall immediately notify all Scheduling Coordinators of the following:

9.7.1.1 details of the affected timing requirements and procedures;

9.7.1.2 details of any interim requirements;

9.7.1.3 an estimate of the period for which the interim requirements will apply; and

9.7.1.4 reasons for the temporary variation.

9.7.2 If, despite the variation of any time requirement or the omission of any step, the Transmission Provider is unable to operate the Day-Ahead Scheduling Process, the Transmission Provider may

abort the Day-Ahead Scheduling Process and require all schedules to be submitted in the Schedule Adjustment Process.

9.8 Mismatches between the PTR quantities a Scheduling Coordinator schedules across a Flowgate in the Day-Ahead Scheduling Process and the PTR quantities identified in the final balanced schedule of the Scheduling Coordinator across that Flowgate after the Schedule Adjustment Process is complete shall be reported to the Market Monitor.

10 In the event a resource that has been accepted to provide service under this Attachment P becomes unavailable, the Scheduling Coordinator responsible for such resource shall immediately notify the Transmission Provider of such unavailability. The Scheduling Coordinator must replace the resource within 60 minutes of providing such notification. In the event the Scheduling Coordinator does not replace the resource, the Transmission Provider shall replace the resource, and shall charge the Scheduling Coordinator all increased costs associated with obtaining such alternate resource.

11 Management of Congestion Prior to Real-Time Operations

11.1 Congestion on Flowgates

11.1.1 If congestion occurs prior to Real Time, such that all PTRs and RTRs cannot be accommodated, the Transmission Provider shall notify all affected Scheduling Coordinators of a pending reduction to their PTRs or RTRs. Scheduling Coordinators may resubmit schedules to reflect the pending reduction if time permits.

11.1.2 If congestion still exists after Scheduling Coordinators have made any adjustments to their schedules, the Transmission Provider shall call on incs and decs to provide necessary redispatch to accommodate PTRs and RTRs.

11.1.3 If congestion still exists after all possible redispatch has been performed, PTRs and RTRs shall be reduced on a pro rata basis.

11.1.4 The cost of redispatch to accommodate PTRs and RTRs incurred in ~~an hour~~ a Settlement Period shall be equal to the net cost of redispatch scheduled by the Transmission Provider for the ~~hour~~

Settlement Period pursuant to Section 11.1.2. This redispatch cost shall be allocated to all firm MWh of transmission service during that ~~hour~~ Settlement Period on the Transmission System.

11.2 Congestion on Non-Flowgate Facilities

11.2.1 If congestion occurs on non-Flowgate facilities prior to Real Time, non-firm transmission service under Part II or Part III of the Tariff shall be denied in accordance with the provisions of the Tariff.

11.2.2 If congestion still exists after non-firm transmission service under Part II or Part III of the Tariff has been denied, the Transmission Provider shall call on incs and decs to provide necessary redispatch to accommodate firm transmission service under Part II or Part III of the Tariff.

11.2.3 If congestion still exists after all possible redispatch has been performed, firm transmission service under Part II or Part III of the Tariff shall be denied in accordance with the provisions of the Tariff.

11.2.4 The cost of redispatch to accommodate firm service incurred in ~~an~~ a Settlement Period hour shall be equal to the net cost of redispatch scheduled by the Transmission Provider for the ~~hour~~ Settlement Period pursuant to Section 11.2.2. ~~All~~ This redispatch ~~costs incurred pursuant to Section 11.2.2 for an hour~~ cost shall be allocated to all firm MWh of transmission service ~~under Part II or Part III of the Tariff in the Congestion Zone where~~ during that Settlement Period in the Settlement Zone in which the redispatch occurred ~~during that hour~~.

12 Real-Time Management of Congestion

12.1 Congestion on Flowgates

12.1.1 If during Real Time, the Transmission Provider determines that all PTRs, RTRs, and NPTRs across a Flowgate cannot be accommodated, the Transmission Provider shall call on incs and decs to provide necessary redispatch to accommodate PTRs,

RTRs, and NPTRs on a least-cost basis.

12.1.2 If congestion still exists after all possible redispatch has been performed, NPTRs shall be curtailed. Scheduling Coordinators that provided the lowest bids for NPTRs across the constrained Flowgate during the Day-Ahead Scheduling Process shall have their NPTRs curtailed first. In the event of a tie, NPTRs shall be curtailed on a pro rata basis.

12.1.3 If congestion still exists after all NPTRs have been curtailed, PTRs and RTRs shall be reduced on a pro rata basis.

12.1.4 The cost of redispatch to accommodate PTRs, RTRs, and NPTRs incurred in ~~an hour~~ a Settlement Period shall be equal to the net cost of redispatch scheduled by the Transmission Provider for the ~~hour~~ Settlement Period pursuant to Section 12.1.1. This redispatch cost shall be allocated to all firm MWh of transmission service during that ~~hour~~ Settlement Period on the Transmission System.

12.2 Congestion on Non-Flowgate Facilities

12.2.1 If during Real Time the Transmission Provider determines that all reservations across a non-Flowgate facility cannot be accommodated, the Transmission Provider shall first curtail non-firm transmission service under Part II or Part III of the Tariff consistent with the TLR procedures filed by NERC in Docket No. EL99-52-000, which are incorporated by reference herein.

12.2.2 If congestion still exists after all non-firm transmission service under Part II or Part III of the Tariff has been curtailed, the Transmission Provider shall call on incs and decs to provide necessary redispatch to accommodate firm transmission service and Next-Day Buy Through Service on a least-cost basis.

12.2.3 If congestion still exists after all possible redispatch has been performed, Next-Day Buy Through Service shall be curtailed. Scheduling Coordinators that provided the lowest bids for Next-Day Buy Through Service across the constrained

non-Flowgate facilities during the Day-Ahead Scheduling Process shall have their Next-Day Buy Through Service curtailed first. In the event of a tie, Next-Day Buy Through Service shall be curtailed on a pro rata basis.

12.2.4 If congestion still exists after all possible redispatch has been performed and Next-Day Buy Through Service has been curtailed, firm transmission service under Part II or Part III of the Tariff shall be curtailed consistent with the TLR procedures.

12.2.5 The cost of redispatch ~~to accommodate such service incurred in an hour shall be equal to the net cost of redispatch scheduled by the Transmission Provider for the hour pursuant to Section 12.2.2. All redispatch costs incurred pursuant to Section 12.2.2 for an hour shall be allocated to all firm MWh of transmission service in the Congestion Zone where the redispatch occurred during that hour.~~

~~13 Energy Payments And Energy Clearing Prices~~

~~13.1 Subject to Section 13.2, for each Congestion Zone and each Settlement Period, each Scheduling Coordinator's charge or credit for energy consumed or provided in the Congestion Zone during the Settlement Period shall equal the product of (a) the Congestion Zone's Settlement Period Energy Clearing Price and (b) the Scheduling Coordinator's Energy Obligation for that Congestion Zone for that Settlement Period.~~

~~13.1.1 A Settlement Period shall be any one of the six ten-minute periods that make up a clock hour.~~

~~13.1.2 A Scheduling Coordinator's Energy Obligation for a Congestion Zone for a Settlement Period shall be equal to the sum of the following:~~

~~13.1.2.1 The difference during the Settlement Period determined by GS - GA, where~~

~~GS = the amount of generation scheduled by the Scheduling Coordinator in the Congestion Zone plus the amount of generation scheduled by the Scheduling Coordinator to the Congestion Zone; and~~

~~GA = the amount of generation delivered by the Scheduling Coordinator in the Congestion Zone plus the amount of generation delivered by the Scheduling Coordinator to the Congestion Zone.~~

~~13.1.2.2 The difference during the Settlement Period determined by LA - LS, where~~

~~LA = the amount of the Scheduling Coordinator's load in the Congestion Zone plus the amount of the Scheduling Coordinator's load outside the Transmission System served from the Congestion Zone; and~~

~~LS = the amount of load scheduled by the Scheduling Coordinator in the Congestion Zone plus the amount of service scheduled by the Scheduling Coordinator from the Congestion Zone to load outside of the Transmission System.~~

~~13.1.3 The Settlement Period Energy Clearing Price in a Congestion Zone during a Settlement Period shall be the highest bid price called on by the Transmission Provider from the Bid Stack during the Settlement Period to provide energy to load in the Congestion Zone, provided that resources providing Regulation Service shall not be eligible to set the Energy Clearing Price. Contiguous Congestion Zones shall have the same price determined when there is no congestion between those Congestion Zones, i.e., the price shall be determined by reference to the highest inc price from the Bid Stack called on by the Transmission Provider in the combined Congestion Zones.~~

~~13.2 Energy produced by the portion of a unit providing Regulation Service shall not set the Energy Clearing Price. In the event that a resource is dispatched to provide Regulation Service, and the cumulative application of the Energy Clearing Prices for the six Settlement Periods during an hour would result in the Scheduling Coordinator receiving less than it had bid to provide energy to the Transmission Provider during the Settlement Periods, or would result in the Scheduling Coordinator paying more to the Transmission Provider than it had bid to consume energy during the Settlement Periods, the Transmission Provider shall provide supplemental compensation to the Scheduling Coordinator. This supplemental compensation shall equal the amount of energy produced or consumed by the resource in response to Regulation Service signals, multiplied by the difference between the energy bid price associated with the net production or consumption of energy and the Energy Clearing Price, all calculated for the Settlement Periods. Said costs shall be allocated to all Scheduling Coordinators serving load in the Congestion Zone that received Regulation Service from the Transmission Provider, allocated pro rata based on the proportion of such load receiving such service.~~

~~Exhibit P-1~~

~~Methodology for Flowgate Definition~~

~~1. Overview~~

~~1.1 GridFlorida will manage congestion by defining Flowgates where commercially significant levels of congestion occur in conjunction with the creation of tradable PTRs to use transmission capacity at defined Flowgates. An objective method has been adopted to evaluate the transmission grid and determine when Flowgates should be created, modified or deleted. The step-by-step methodology described below provides the means by which Flowgates and associated Congestion Zones are defined.~~

~~1.2 An initial Flowgate definition study shall be performed to identify all Flowgates in the GridFlorida system. This study will provide for the identification of Flowgates regardless of the actual membership of GridFlorida. It will also provide a basis to evaluate the consequences of any Flowgate in the FRCC region that falls outside the boundaries of GridFlorida. The geographic scope of the Flowgate definition study will encompass the entire FRCC region.~~

~~1.3 The initial Flowgate definition study will identify the estimated annual congestion costs over all potential Flowgates. In order to complete the initial definition of Flowgates without delay, a preliminary study will be conducted using available 2000-01 data. Using the results of this preliminary study, the initial Flowgate definition study year will be 2002. Thus, the initial Flowgates will be identified for the time period when GridFlorida is actually expected to be in operation. Operating cases will be developed for winter and summer in appropriate load increments.~~

~~1.4 All studies shall be based upon a transmission facility configuration which includes those facilities planned and expected to be in operation during the study period with due consideration given to any changes in facility additions or timing related to the process of RTO implementation and the transition to a regional RTO planning process. The study will include the effects of contingency analysis, transmission reserve margin ("TRM") and facility operating practices consistent with standard transmission facility planning studies.~~

~~1.5 Generation dispatch will reflect the dispatch expected to prevail in the environment of~~

~~the GridFlorida market design. Generation will continue to be committed and scheduled based on an area economic dispatch for each LSE/control area.~~

~~2. Estimating Annual Redispatch Costs~~

~~2.1 Results from the operating cases will provide the information necessary to make a preliminary identification of potential Flowgates. Each case with facility constraints will provide the flows over the constrained facilities before and after redispatch is performed and will also correspond to a specific number of constrained hours during the year.~~

~~2.2 The redispatch cost ($/MWH) based on the generation cost of the specific units being redispatched to resolve congestion at a specific Flowgate will be represented as a range of costs depending upon the unit pairs that are being redispatched.~~

~~3. Flowgate Definition~~

~~3.1 Two types of Flowgates will be defined, internal and external. Internal Flowgates on the GridFlorida system will be defined based on commercially significant redispatch costs. All external interfaces between GridFlorida and adjacent systems will be automatically defined as bi-directional Flowgates. Interface Flowgates will not be subject to a test of commercially significant redispatch costs.~~

~~3.2 The definition of internal Flowgates is based on first defining and then estimating commercially significant congestion. This will be done by comparing the ratio of annual redispatch cost to the total value of transmission capacity at the Flowgate. Commercially significant congestion is defined as a ratio exceeding [to be inserted] percent.~~

~~3.3 Special consideration will be given to any potential Flowgate that is on the margin of commercial significance, i.e. slightly below the [to be inserted] percent threshold. Initially, those Flowgates determined as marginally commercially significant will be "promoted" to defined Flowgates to reduce the risk that additional Flowgates will need to be defined in the near term and result in a more stable operating environment for transmission users until experience is gained with the Flowgate/PTR system. A Flowgate also may be considered significant if it is constrained a significant number of the hours in the year, irrespective of the economic value of redispatch.~~

~~4. Flowgate Creation and Modification~~

~~4.1 The initial study identifying Flowgates will create a framework to track the evolution of Flowgates on an ongoing basis. GridFlorida will conduct additional Flowgate studies as required by changes in the grid. Longer term studies will predict when constraints will become commercially significant and require the creation of a Flowgate as well as when planned grid reinforcements may diminish or eliminate the need for a Flowgate.~~

~~4.2 In order to ensure that the Flowgate congestion management system provides appropriate price signals to market participants regarding transmission expansion costs versus the costs of managing congestion as part of the planning process, GridFlorida shall as part of its annual planning process compute comparisons of the congestion costs over each Flowgate versus the capital costs to reinforce the grid to relieve congestion over the Flowgate and thereby eliminate the need for the Flowgate.~~

~~5. Determination of PTRs Associated with a Flowgate and Initial Allocation of PTRs to Existing Uses~~

~~5.1 The Flowgate definition study will determine the number of PTRs associated with each internal and interface Flowgate on an annual, seasonal and monthly basis. PTRs will be defined for a Flowgate corresponding to the total transfer capability (TTC) of the Flowgate facilities less TRM.~~

~~5.2 PTRs will be assigned to existing users based on historical patterns of use assuming an unconstrained power flow solution. This treatment will preserve existing rights and result in a seamless transition upon formation of a Flowgate.~~
~~6. Definition of Congestion Zones~~

~~Congestion Zones will be defined by the Flowgate Working Group.~~ under Section 12.2.2 during a Settlement Period shall be equal to the net cost of redispatch scheduled by the Transmission Provider for the Settlement Period pursuant to that Section. This redispatch cost shall be allocated to all firm MWh of transmission service during that Settlement Period in the Settlement Zone in which the redispatch occurred.

13 Energy Payments

13.1 For each Settlement Zone and each Settlement Period, a Scheduling Coordinator's Excess Consumption shall equal the number of MWh equal to the positive difference, if any, between (a) the amount of the Scheduling Coordinator's load in the Settlement Zone plus the amount of

the Scheduling Coordinator's scheduled interchange to External Control Areas from the Settlement Zone and (b) the amount of generation delivered by the Scheduling Coordinator in or to the Settlement Zone. For each Settlement Zone and each Settlement Period, a Scheduling Coordinator's Excess Generation shall equal the number of MWh equal to the positive difference, if any, between (c) the amount of generation delivered by the Scheduling Coordinator in or to the Settlement Zone and (d) the amount of the Scheduling Coordinator's load in the Settlement Zone plus the amount of the Scheduling Coordinator's scheduled interchange to External Control Areas from the Settlement Zone.

13.2 Charges for Excess Consumption

13.2.1 A Scheduling Coordinator with Excess Consumption in a Settlement Zone during a Settlement Period shall pay the Settlement Period Energy Clearing Price of the Settlement Zone for each excess MWh of Excess Consumption in that Settlement Zone during that Settlement Period.

13.2.2 The Settlement Period Energy Clearing Price of a Settlement Zone shall equal (A-B)/C, where,

A = the payments to Scheduling Coordinators under Section 13.3 or Section 13.4 as applicable, during the Settlement Period in the Settlement Zone, adjusted for transfers to other Settlement Zones;

B = total payments received by the Transmission Provider under Section 12.2.5 during the Settlement Period for the Settlement Zone; and

C = the total number of MWh of Excess Consumption during the Settlement Period in the Settlement Zone.

13.2.2.1 The Settlement Period Energy Clearing Price will be calculated such that the cost of congestion within a Settlement Zone is paid by Scheduling Coordinators with load in that Settlement Zone.

13.2.3 A Scheduling Coordinator's load deviation for an hour shall equal

the difference between (a) the actual amount during the hour of the Scheduling Coordinator's load plus the actual amount of the Scheduling Coordinator's interchange with External Control Areas and (b) the scheduled amount of load plus the scheduled amount of the Scheduling Coordinator's interchange with External Control Areas.

13.2.3.1 A Scheduling Coordinator with a positive load deviation for an hour that exceeds the greater of (a) two percent of the amount scheduled as calculated under Section 13.2.3(b) or (b) two MW, shall pay, in addition to the amount calculated under Section 13.2.1, a load deviation charge equal to (c) 10 percent of the average Settlement Period Energy Clearing Price for the applicable Settlement Zone for the hour times (d) the number of MWs of the load deviation in the Settlement Zone.

13.2.3.2 A Scheduling Coordinator with a positive load deviation for an hour that exceeds the greater of (a) three percent of the amount scheduled as calculated under Section 13.2.3(b) or (b) three MW, shall pay, in addition to the amount calculated under Section 13.2.1, a load deviation charge equal to (c) 25 percent of the average Settlement Period Energy Clearing Price for the applicable Settlement Zone for the hour times (d) the number of MWs of the load deviation in the Settlement Zone. Such Scheduling Coordinator shall not also be subject to a charge under Section 13.2.3.1.

13.2.3.3 At such time that the Transmission Provider determines that there is an appropriate market index for electricity in the Market Region, the Transmission Provider shall seek to utilize such index for purposes of calculating the load deviation charge.

13.2.4 All revenues received by the Transmission Provider from the

assessment of load deviation charges shall be credited to Scheduling Coordinators with load during the hour that were not assessed a load deviation charge during that hour. The Transmission Provider shall develop a crediting mechanism for this purpose.

13.3 Payments for Excess Generation **[Alternative A]**

13.3.1 Payments to a Scheduling Coordinator for Excess Generation during a Settlement Period provided under a cost-based schedule or cost-based tariff shall be in accordance with this Section 13.3.1.

13.3.1.1 The Transmission Provider shall pay the Scheduling Coordinator for each MWh of Excess Generation during a Settlement Period the lower of (a) the Nodal Price at the applicable generator bus during the Settlement Period or (b) the Scheduling Coordinator's cost-based rate cap associated with that MWh of Excess Generation.

13.3.1.2 A Scheduling Coordinator that is bidding energy under cost-based schedules or tariffs shall notify the Transmission Provider that its bid is pursuant to such a schedule or tariff, and the cost-based rate cap associated with such bid.

13.3.2 The Transmission Provider shall pay the Scheduling Coordinator the Nodal Price for each MWh of Excess Generation that is not provided under a cost-based schedule or cost-based tariff.

13.3.3 The Nodal Price is the cost to serve the next increment of load at the generator bus at the lowest possible price consistent with the preservation of reliability and transmission system conditions.

13.3.3.1 Excess Generation that was not called-on by the Transmission Provider to provide Balancing Service or for congestion management shall not be eligible to set any Nodal Price.

13.3.4 The Transmission Provider shall develop performance standards applicable to generating units, including with regard to the supply of Ancillary Services, and may seek authority to limit payments to generators that fail to satisfy such performance standards.

13.4 Payments for Excess Generation **[Alternative B]**

13.4.1 Subject to Section 13.4.2, the Transmission Provider shall pay the Scheduling Coordinator for each MWh of Excess Generation the inc bid associated with that MWh of Excess Generation.

13.4.2 For Excess Generation that was not called-on by the Transmission Provider to provide Balancing Service or for congestion management, the Transmission Provider shall pay the Scheduling Coordinator the lower of the payment provided for under Section 13.4.1 or the Nodal Price.

13.4.2.1 The Nodal Price is the cost to serve the next increment of load at the generator bus at the lowest possible price consistent with the preservation of reliability and transmission system conditions.

13.4.2.2 Excess Generation under Section 13.4.2 shall not be eligible to set any Nodal Price.

13.4.3 The Transmission Provider shall develop performance standards applicable to generating units, including with regard to the supply of Ancillary Services, and may seek authority to limit payments to generators that fail to satisfy such performance standards.

ATTACHMENT Q - SECTION I

GUIDELINES FOR GRIDFLORIDA, PO and/or the LSE ASSOCIATED WITH THE OWNERSHIP, ACCOUNTING TREATMENT AND OPERATIONAL CONTROL OF POINTS OF DELIVERY ("POD")

[Due to the nature of the Attachment, Attachment Q is not redlined]

ATTACHMENT R

Terms and Conditions of Service
Applicable to Points of Delivery

To the extent that there are any disputes between GridFlorida, PO and Customer involving Point of Delivery matters, including disputes concerning GridFlorida standards and practices, and whether the affected facilities are appropriate or necessary under the circumstances, such disputes shall be subject to the Dispute Resolution Provision ("DRP") of the OATT.

1. SERVICE SUPPLIED TO DELIVERY POINTS

a. GridFlorida and/or PO will deliver power pursuant to the GridFlorida OATT to a Customer at a Point of Delivery in the form of three-phase, alternating current at a frequency of approximately 60 Hertz, and at the nominal voltage indicated on an Exhibit for each such Point of Delivery.

b. GridFlorida shall operate the GridFlorida System and the Customer shall operate its respective systems in accordance with Good Utility Practice, so as to maintain voltage levels at the Point of Delivery within acceptable ranges.

c. The Point of Delivery shall not be electrically connected with any other source of electricity without written notice to GridFlorida and/or PO, as applicable, and prior agreement with GridFlorida and/or PO, as applicable, on such measures or conditions, if any, as may reasonably be required for the metering, telemetry, protection, operation and reliability of both systems.

d. The GridFlorida Systems can, under some circumstances, be subject to voltage instability and collapse. An essential element in the reliability of the GridFlorida System is the installation of power factor correction devices (e.g., capacitor banks) that compensate for the reactive power demands at PODs (i.e., point where power exits the GridFlorida System). PODs should be designed and operated so that the power factor at such PODs, measured at the point where power exits the GridFlorida System, is between 95% lagging and 99% leading during summer peak load conditions. Further, in order to avoid transmission system over voltages, POD power factor correction devices should be controllable so that the power factor measured at

the POD (i.e., point where power exits the GridFlorida System) is unity or lagging during spring or valley load conditions. POD connections to the GridFlorida System shall meet the power factor requirements listed above. In order to assess power factor, the POD real (kW) and reactive demands (kVar) shall be recorded at the time of the GridFlorida System summer peak load (June, July, or August) and at the minimum spring load (March, April, or May). For compliance assessment purposes, the LSE can aggregate PODs that are in close electrical/geographical proximity (by summing kW and kVar values). Should an LSE occasionally experiences unusually high loads outside of the summer period (e.g. 7 a.m. peak loads associated with winter cold fronts), the LSE should cooperate to the extent feasible with requests from the GridFlorida System Operator to help support system voltage.

e. GridFlorida and the PO, as applicable, shall have access, as necessary, to Customer's Point of Delivery facilities in order to inspect Customer's protective devices installed for the purpose of protecting GridFlorida System against adverse conditions or disturbances originating on Customer's Point of Delivery facilities.

2. CHANGES IN EXISTING DELIVERY POINT VOLTAGE DUE TO GRIDFLORIDA

a. GridFlorida will provide service at the voltages specified for each Point of Delivery in an Exhibit, unless GridFlorida notifies Customer that the voltage will be changed to a specified higher or lower voltage. GridFlorida shall provide Customer with as much advance notice as reasonably practicable in the event of a change in voltage.

3. CHANGES IN EXISTING DELIVERY POINT VOLTAGE DUE TO CUSTOMER

a. To the extent that a change in transmission level voltage is caused or requested by Customer as part of the Local Area Planning Process (Section I.B of the Planning Process Protocol), Customer will design, engineer, install, construct or modify, operate, and maintain the facilities on its side of the Point of Delivery to accommodate such higher or lower voltage.

4. ESTABLISHMENT OF NEW DELIVERY POINTS

a. To establish a new Point of Delivery, in accordance with the Local Area Planning Process (Section I.B of the Planning Process Protocol), Customer must execute a new Exhibit with GridFlorida and/or PO, as applicable, for the new Point of Delivery prior to the date upon which the new Point of Delivery is to be established. The Exhibit for such new Point of Delivery shall be attached to the TSA and shall include any special provisions required for the establishment of the new Point of Delivery. New Point(s) of Delivery shall be established in

accordance with the OATT and the Planning Protocol.

b. Customer is responsible for all facility rearrangements on Customer's side of the new Point of Delivery that are required for the establishment of the new Point of Delivery.

5. DELIVERY POINTS AND OTHER FACILITIES

a. The service specifications for each Point of Delivery shall be as prescribed in an Exhibit attached to the TSA. Further, an Exhibit between the parties shall set forth appropriate provisions, if required, concerning the installation and maintenance of each Point of Delivery.

b. Unless otherwise specified in an Exhibit to a specific Point of Delivery, all facilities on Customer's side of a Point of Delivery shall be considered the system of Customer, shall be paid for by Customer, and Customer is responsible with respect to its side of the Point of Delivery:

(i) for the installation, operation and maintenance of all necessary poles, lines, substations, transformers, switches, protective equipment, and other equipment necessary for any existing Point of Delivery; and

(ii) for all facilities rearrangements required for any existing Point of Delivery.

c. Metering and remote terminal unit equipment located on Customer's side of the Point of Delivery that is owned by the GridFlorida or the PO, will be installed, and maintained by GridFlorida or the PO, respectively.

d. GridFlorida shall have the right to request that the Customer (or with the agreement of the Customer that ~~FLTRANSCO)~~ GridFlorida) install and/or maintain such other facilities on Customer's side of a Point of Delivery as necessary for system reliability consistent with Good Utility Practice. To the extent the Parties disagree on the need for or type of such facilities, the DRP may be invoked to resolve the disagreement; provided, however, if safety or the reliability of GridFlorida's Transmission System is imminently threatened, GridFlorida shall have the right to have the Customer install and/or maintain such facilities prior to such dispute being resolved. GridFlorida may invoke that right only after sending written documentation to the Customer explaining in detail the safety or reliability concerns substantiating the claim of an imminent threat to the safety or reliability of GridFlorida's Transmission System. Subsequently, the parties shall request the resolution of the disagreement through DRP.

e. Each Party (i.e., ~~FLTRANSCO~~ GridFlorida, PO and Customer) shall install and

maintain suitable protective devices on its facilities in order to afford protection to the facilities of the other Party against adverse conditions or disturbances originating on such other Party's facilities. Such protective devices shall be in accordance and comparable with the applicable GridFlorida standards relating to such similarly situated equipment and consistent with Good Utility Practice.

f. ~~FLTRANSCO, FLTRANCSO~~ GridFlorida, PO and Customer shall not utilize or knowingly allow to be utilized any equipment, appliance or device which tends to materially adversely affect the system of the other. Each Party shall maintain a electrical balance between the phases at each Point of Delivery in accordance with Good Utility Practice.

g. GridFlorida or PO, as applicable, shall install, own, operate, and maintain all lines and equipment located on GridFlorida's or PO's side of a Point of Delivery, as well as the meter, metering equipment and remote terminal unit equipment that may, at GridFlorida's or PO's option, as applicable, be located on Customer's side of the Point of Delivery. In such cases, Customer shall provide a location, acceptable to Customer, GridFlorida or PO, for the installation of such metering and remote terminal unit equipment.

6. ACCESS TO DELIVERY POINTS

a. To the extent that GridFlorida or the PO, as applicable, has installed or needs to install equipment on Customer's side of the Point of Delivery pursuant to the TSA, the duly authorized agents of GridFlorida or the PO, as applicable, upon providing notice, shall have the right to access the premises of Customer at all reasonable hours for the purpose of installing equipment, metering information, inspecting GridFlorida's or the PO's, as applicable, wiring and apparatus, or replacing GridFlorida's or the PO's, as applicable, property on the premises of Customer, and removing such property at the time of or at any time after suspension or termination of service under the TSA.

b. To the extent that Customer has installed or needs to install equipment or facilities on GridFlorida's or the PO's, as applicable, side of the Point of Delivery pursuant to the TSA, the duly authorized agents of Customer, upon providing notice, shall have the right of access to the premises of GridFlorida or the PO, as applicable, at all reasonable hours for the purpose of installing facilities, inspecting Customer's wiring and apparatus, changing, exchanging, or repairing Customer's property on the premises of GridFlorida or the PO, as applicable, and removing such property at the time of or at any time after suspension or termination of service under the TSA.

c. GridFlorida or the PO, as applicable, shall protect Customer's facilities and equipment located on GridFlorida's Transmission System and shall permit no one but Customer's, and GridFlorida's or the PO, as applicable, qualified representatives to handle same. Customer shall protect GridFlorida's or the PO's, as applicable, equipment located on Customer's system and shall permit no one but GridFlorida's or PO's, as applicable, and Customer's qualified representatives to handle same.

ATTACHMENT S

Generator Data Requirements

It is recognized that some of the data listed in this Appendix may not be available prior to the start of an Interconnection Feasibility Study. Some of the data items are critical inputs to these studies and must be provided prior to the commencement of the Interconnection Feasibility Study.

Critical Data Items: A) all
B) 1, 2, 7 & 8
D) 1, 2, 3 & 7
E) all
G) 1, 2, 3 & 4
H) 1-4; 6-9; 11-16; 18-19
I) 1 , 2 & 4
J) 1 & 3
K) all
L) 4 through 11

To the extent possible, all of the data listed in this Appendix should be provided as soon as it becomes available. All data items must be provided at least sixty (60) calendar days prior to commercial operation of the facility. Transmission Provider may require additional data to complete the Interconnection Feasibility Study depending upon special study circumstances. Inaccuracies in some of the critical data items can influence study results to the extent that study conclusions are invalidated. Transmission Provider reserves the right to require reapplication for the Interconnection Study in the event of material data inaccuracies.

A) **Contact Person** - Provide name and address of person completing this form

1. Name: _____
2. Address: _____
3. City/State/Zip: _____
4. Telephone: _____
5. Date: _____

B) Project Location

1. County _____
2. Nearest Community _____
3. Township _____
4. Range _____
5. Section _____
6. Street Address _____
7. Project Location Map Please attach a geographic map of project location indicating surrounding area and significant landmarkings (e.g., nearby towns/cities, roads, nearby building structures, waterways, etc.)
8. Planned In Service Date _____

C) Unit Identification

1. Plant Name and unit Number _____
2. Manufacturer _____
3. Generator Serial Number _____
4. Turbine Serial Number _____

D) Ratings and Capabilities

1. Total Plant Capability
   a.. Net Summer Continuous Capability _____ MW
   b. Net Winter Continuous Capability _____ MW
2. Number of Individual Generators _____
3. Nameplate kV Rating (nominal design voltage) _____

4. Generator Nameplate MVA Rating

	MVA Rating	@ Hydrogen Pressure
a.	_____	_____
b.	_____	_____
c.	_____	_____
d.	_____	_____

5. Rated Power Factor _____

6. Rated Speed _____

7. Rated Turbine Capability
   a) maximum _____
   b) summer continuous _____
   c) winter continuous _____

8. Field Voltage at Rated Load _____

9. Field Current at Rated Load _____

10. No-load Field Voltage at Generator Rated Voltage _____

11. Air Gap Field Voltage at Generator Rated Voltage _____

12. Field Resistance _____ hms _____ °C

E) Inertia

1. WR^2 for Generator and Exciter _____ lb-ft^2
2. WR^2 for Turbine _____ lb-ft^2
3. Calculated H constant _____ sec. @ _____ MVA

F) Losses and Efficiency

1. Open circuit core loss _____ kW
2. Windage loss _____ kW

3. H_2 seal and exciter friction loss _____ kW

4. Stator I^2R Loss at rated power and voltage _____°C _____ kW

5. Rotor I^2R Loss at rated power and voltage _____°C _____ kW

6. Stray Load loss _____ kW

7. Excitation losses _____ kW

G) Generator Time Constants

1. T'do (Direct axis open circuit transient time constant)_____ sec

2. T"do (Direct axis open circuit subtransient time constant) _____ sec

3. T'qo (Quadrature axis open circuit transient time constant) _____ sec

4. T"qo (Quadrature axis open circuit subtransient time constant)_____ sec

5. Ta3 (Short circuit time constant) _____ sec

H) Generator Impedances

1. MVA base for all impedance data _____ MVA

2. kV base for all impedance data _____ kV

	Parameter	Description	p.u. value
3.	Xd	Direct axis synchronous reactance (unsaturated)	_____
4.	X'd	Direct axis transient reactance (unsaturated)	_____
5.	X'dv	Direct axis transient reactance (saturated)	_____
6.	X"d	Direct axis subtransient reactance (unsaturated)	_____
7.	X"dv	Direct axis subtransient reactance (saturated)	_____

8. Xq Quadrature axis synchronous reactance (unsaturated) _____

9. X'q Quadrature axis transient reactance (unsaturated) _____

10. X"q Quadrature axis subtransient reactance (unsaturated) _____

11. X_L Armature leakage reactance _____

12. X_{2v} Negative sequence reactance (saturated) _____

13. X_{0v} Zero sequence reactance (saturated) _____

14. R_1 Positive sequence armature resistance at 75° C _____

15. R_2 Negative sequence armature resistance at 75° C _____

16. R_0 Zero sequence armature resistance at 75° C _____

17. R_{dc} Direct current armature resistance at 75° C _____

18. Generator neutral grounding resistance _____ ohms

19. Generator neutral grounding reactance _____ ohms

9. Required Characteristic Curves and Diagrams

1. Real and reactive power capability curves

2. Saturation curve, full load and no-load

3. "V" curves

4. One-Line diagram showing generator and substation equipment connections (i.e., switchyard configuration)

5. Relay one-line diagram

10. Excitation System Data

1. Excitation system type _____

2. Voltage regulator model name _____

3. Excitation system model, supply block diagram and model parameters in IEEE4/5/ or PSS/E format

4. Voltage compensation, supply block diagram and settings if used

5. Voltage regulator overexcitation limiters, supply block diagram and model parameters in IEEE6/ format.

6. Power System Stabilizer (if used), supply Power System Stabilizer block diagram and model parameters in IEEE or PSS/E format

K) Turbine Governor Data

1. Model or equipment name for speed/load governor controls _____

2. Speed/Load governor model, supply block diagram and model parameters in IEEE7/[8]/ or PSS/E format

L) Generator Step-up Transformer Data

1. Manufacturer _____

2. Model Type _____

3. Serial Number _____

4. Rating _____ MVA

[4] IEEE Standard 421.5-1992 "IEEE Recommended Practice for Excitation System Models for Power System Stability Studies"
[5] IEEE Digital Excitation Task Force, "Computer Models for Representation of Digital-Based Excitation Systems," IEEE Transactions on Energy Conversion, Vol. 11, No. 3, September 1996
[6] IEEE Committee Report, "Recommended Models for Overexcitation Limiting Devices," IEEE Transactions on Energy Conversion, Vol. 10, No. 4, December 1995
[7] IEEE Committee Report, "Dynamic Models for Steam and Hydro Turbine Control Models for System Dynamic Studies," IEEE transactions on Power Apparatus and Systems, Vol. PAS-92, November, 1973
[8] W.I. Rowen, "simplified Mathematical Representations of Heavy Duty Gas Turbines," Transactions of ASME, Vol.105(1), 1983

5. High voltage winding, nominal voltage _____ kV

6. High voltage winding connection (wye/delta) _____

7. Low voltage winding, nominal voltage _____ kV

8. Low voltage winding connection (wye/delta) _____

9. Transformer resistance _____ p.u.

10. Transformer reactance _____ p.u.

11. Transformer impedance base values _____ MVA _____ kV

12. Available tap settings

    HV taps _____ kV

    LV taps _____ kV

13. Expected tap settings

    HV taps _____ kV

    LV taps _____ kV

M) Start-~~up~~ Up Transformer Data

1. Manufacturer _____

2. Model Type _____

3. Serial Number _____

4. Rating _____ MVA

5. High voltage winding, nominal voltage _____ kV

6. High voltage winding connection (wye/delta) _____

7. Low voltage winding, nominal voltage _____ kV

8. Low voltage winding connection (wye/delta) _____

9. Transformer resistance _____ p.u.

10. Transformer reactance _____ p.u.

11. Transformer impedance base values _____ MVA _____ kV

12. Available tap settings

HV taps _____ kV

LV taps _____ kV

13. Expected tap settings

HV taps _____ kV

LV taps _____ kV

14. Expected Startup Power Demand

_____ MW

_____ MVAR

ATTACHMENT T

Existing Transmission Agreements

1.0 General Description

This Attachment describes the rules applicable to Existing Transmission Agreements. Agreements for transmission service that are not Existing Transmission Agreements shall be procured under this Tariff.

2.0 Scope

This Attachment shall apply to all Existing Transmission ~~Arrangements~~ Agreements to the extent they relate to interconnection and transmission services, including, but not limited to:

2.1 All existing agreements between a Participating Owner or Divesting Owner (for purposes of this Attachment, a Participant) and another party or itself (whether a Participant or NonParticipant) that govern the allocation of transmission capacity associated with an interface between two or more transmission systems, regardless of whether the interface is later classified as a Flowgate or simply a node on the grid ("Interface Agreements").

2.2 All existing agreements between a Participant and another party or itself (whether a Participant or NonParticipant) that govern the interconnection of facilities, including, but not limited to, interchange agreements between control areas, agreements governing the interconnection of the transmission facilities, and agreements governing the interconnection of transmission and generation facilities ("Interconnection Agreements").

2.3 All existing agreements between a Participant and another party or itself (whether a Participant or NonParticipant) that provide transmission service, including, but not limited to, bundled and unbundled transmission service and pre- and post-Order No. 888 service ("Transmission Service Agreements" or "TSA").

3.0 General Rule

The formation of the Transmission Provider does not require the generic abrogation of ETAs. Parties to such ETAs may, however, exercise whatever FPA Section 205 and 206 rights they may have to convert such agreements to Transmission Provider service or to amend such contracts to facilitate the operation of the Transmission Provider's Transmission System. The Transmission Provider may, pursuant to FPA Section 206,

propose an amendment to any non-rate term or condition of an ETA that adversely affects its ability to administer this Tariff or its operation of the grid.

4.0 Rules Applicable to the ETAs of a Divesting Owner

4.1 A Divesting Owner shall assign to the Transmission Provider all Interconnection Agreements and Interface Agreements, provided, however, that any transmission service rights set forth in such agreements (including any PTRs that are allocated to such existing firm rights) shall be retained by the Divesting Owner to enable it to meet its native load and contractual obligations under any of its TSAs.

4.2 A Divesting Owner shall not be required to assign its TSAs to the Transmission Provider, provided, however, that a TSA or any portion thereof may be assigned or transferred to the Transmission Provider by mutual consent of the Divesting Owner and the Transmission Provider. If the TSA is neither assigned to the Transmission Provider nor converted to service under this Tariff, the provisions of Section 7.2 of this Attachment T shall apply.

5.0 Rules Applicable to the ETAs of a PO

5.1 The Transmission Provider shall administer the operational provisions of the Interconnection Agreements or Interface Agreements of a PO. For these purposes, "operational provisions" shall refer to those provisions that govern the operation of the PO's transmission facilities, ~~but not the provisions that govern~~ including the scheduling or use of transmission service. The PO and Transmission Provider shall enter into good faith negotiations prior to the start up of Transmission Provider operations to develop such arrangements as are necessary to provide for the Transmission Provider's administration of the operational provisions of those Agreements.

5.2 A PO shall not be required to assign its TSAs to the Transmission Provider. If a TSA is neither assigned to the Transmission Provider nor converted to service under this Tariff, the provisions of Section 7.2 of this Attachment T shall apply.

6.0 PTRs Assigned to ETAs

Any ETA that conveys firm transmission rights ~~right to use a Flowgate~~ shall be allocated PTRs in accordance with Attachment P of this Tariff. The party to the ETA that is entitled to, and responsible for, the reservation and scheduling of transmission service under the ETA shall be entitled to, and responsible for, the scheduling of such PTRs to facilitate use of the applicable Flowgate(s). Such PTRs shall be treated the same as any other PTR (i.e.,

if they are not scheduled, they can be sold to third parties by the Transmission Provider).

7.0 Specific Rules for Transmission Service Agreements

7.1 Conversion to Transmission Provider Service

With the exception of TSAs governed by Section 8.0 of this Attachment T, a party to a TSA may, consistent with its FPA Section 205 or 206 rights, seek to have its TSA converted to service under this Tariff. "Conversion" shall mean, for these purposes, that (a) the customer, following conversion, shall take and pay for service pursuant to the Tariff and shall receive whatever rights, and assume whatever obligations, are associated with that service, and (b) the provider of transmission service shall cease collecting revenues under the TSA and shall no longer bear any responsibility, or hold any rights, with respect to such TSA. After conversion of the TSA to Tariff service, the transmission service portions of the TSA shall terminate.

7.2 Unconverted TSA

The following rules shall apply to a TSA that has not been converted to Tariff service.

(a) The PO or Divesting Owner that, prior to Transmission Provider operations, was the transmission provider under the ETA (for these purposes, "Seller") shall be responsible for procuring, and paying for, the necessary services from the Transmission Provider to perform its obligations under the TSA. The Seller shall have the sole rights, and associated obligations, to any service that is so procured.

(b) In procuring service under the ~~Tairff~~ Tariff pursuant to subparagraph (a), Seller shall be responsible for reconciling the differences, if any, between scheduling and other protocols set forth in its TSAs and those in the Tariff or, alternatively, for seeking an amendment, pursuant to FPA Section 205 or 206, to eliminate those differences.

(c) If, in meeting its obligations to perform under the TSA, the Seller incurs additional costs from the Transmission Provider, the Seller may, consistent with its FPA Section 205 or 206 rights under the TSA, seek to recover such costs from the customer through an amendment to the TSA.

(d) The transmission customer under the TSA shall pay to Seller all amounts due under the TSA and all such payments shall be retained by the Seller.

8.0 Transition Period for Certain Agreements

8.1 To mitigate cost shifts associated with the transition to regional transmission rates, TSAs that provide long-term Inter-Zonal Service shall be subject to the rules in this Section 8. Inter-Zonal Service is defined, for these purposes, as transmission service from one Transmission Rate Zone to another, where the same customer bears transmission charges on both systems. If more than one customer pays a transmission access charge to deliver the power from source to sink, the transmission access charges associated with the Transmission Rate Zone in which the load is not located shall be phased out in Tariff Years 6-10, consistent with this Attachment, only if all parties to the transaction agree that the load consuming the power will receive, on a dollar-for-dollar basis, the reduction in transmission access charges.

(a) The transmission charges levied under the ETA shall remain in effect during Tariff Years 1-5 of Transmission Provider operations and shall be phased out in equal increments (20% per year) over Tariff Years 6-10 of Transmission Provider operations to the extent the contract remains in effect as of those dates. If the ETA does not separately state its transmission charges (i.e., the contract constitutes a bundled sale), the phase-out of charges shall be calculated by reference to the Zonal Rate in effect in Tariff Year 5 (the last year a full Zonal Rate remains in effect) of the Participant that was providing Inter-Zonal Service prior to Transmission Provider formation.

(b) The revenues from such contracts shall be retained by the Participant providing the service. These revenues shall be used to reduce the Annual Zonal Transmission Costs that include the Participant's facilities.

(c) If a customer terminates such a contract during the first ten years of Transmission Provider operations, the Transmission Provider shall provide service to that customer at the zonal Point-to-Point charge of the Participant that provided transmission service under the contract. The revenue from the zonal charge shall be distributed to the Participant providing the service. (This rule does not apply to contracts that expire on a date certain fixed in the contract.)

8.2 Participants that lose short-term wheeling revenue due to the elimination of pancaked rates shall be compensated for such loss through payments by the Transmission Provider out of revenues received by the Transmission Provider for Short-Term Firm and Non-Firm Point-to-Point Transmission Service. The loss of

revenue for each Participant shall be calculated using a 2000 base year amount of revenues from short-term Inter-Zonal service. The Transmission Provider shall make payments to each Participant for its base year amount in declining increments (by 20 percent per year) over the first five Tariff Years. If such revenues are insufficient in any Tariff Year to make such payments, the unfunded amounts shall be carried over and paid out of revenues in subsequent Tariff Years (but not to exceed Tariff Year 5).

9.0 Rules Applicable to Service Entered Into After December 15, 2000

9.1 Long-Term Arrangements

If, after December 15, 2000, a PO or Divesting Owner enters into any new ETA, or agrees to purchase or provide long-term transmission service under an ETA executed prior to that date, the new service provided under such ETA shall be converted to Transmission Provider service upon the commencement of Transmission Provider operations. Notwithstanding the foregoing, if such service is point-to-point service, and the applicable resource will be designated as a Network Resource, the customer receiving such service will have a one-time option, at the time the resource is designated as a Network Resource, to reduce its point-to-point reserved capacity or terminate such capacity. Any amount of reserved capacity that remains shall be allocated PTRs consistent with Attachment P, and the customer will continue to pay for such reserved capacity in accordance with the charges under this Tariff for Point-to-Point Transmission Service. "Long-term transmission service" shall mean any service for more than one year.

9.2 Short-Term Arrangements

If a PO or Divesting Owner agrees to provide, or to purchase, short-term firm and nonfirm service that has a term that extends beyond the date of Transmission Provider operations, that service shall convert to Transmission Provider service upon the commencement of Transmission Provider operations. "Short-term transmission service" shall mean any service with a term of one year or less.

9.3 Conversion Procedures

The PO or Divesting Owner that enters into any agreement described in Sections 9.1 or 9.2 of this Attachment T shall cooperate with the Transmission Provider to develop appropriate procedures to provide for the orderly conversion of service to the Tariff, including, but not limited to, billing the customer on a pro rata basis to ensure that the customer is not double charged for service during the billing cycle

that includes the start date for Transmission Provider operations.

10.0 Identification of ETAs

Exhibit T-1 hereto is a list that specifies, for each ETA, of the name of the transmission provider, the name of the customer, the title of the contract, the FERC rate schedule designation (if any).

Exhibit T-1

List of Existing Transmission Agreements9/

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Orlando Utilities Commission	Interconnection/Substation Operating Agreement	Rate Sch 63
Tampa Electric Co	Orlando Utilities Commission	Interconnection/Substation Operating Agreement	Rate Sch 60
Tampa Electric Co	Reedy Creek Improvement District	Interconnection/Substation Operating Agreement	Rate Sch 66
Tampa Electric Co	Florida Power Corporation	Interconnection/Transmission Service Agreement	TEC Rate Sch 48 & FPC Suppl No 26 to Rate Sch 80
Tampa Electric Co	Orlando Utilities Commission	Jt Ownership Agreement	Rate Sch 64
Tampa Electric Co	Orlando Utilities Commission	Jt Ownership Agreement	Rate Sch 65
Tampa Electric Co	Florida Power Corp TEC Sheldon Rd FPC Lake Tarpon	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Sheldon Rd FPC Lake Tarpon	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Sheldon Rd FPC Lake Tarpon	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Pebbledale FPC Barcola	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC So Eloise FPC No Bartow	Interconnection Agreement	Rate Sch 43
Tampa Electric Co	Florida Power Corp TEC So Eloise FPC W Lake Wales	Interconnection Agreement	

9/ This list is not intended to be exhaustive at this time.

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Florida Power Corp TEC Pebbledale FPC No Bartow	Interconnection Agreement	Rate Sch 43
Tampa Electric Co	Florida Power Corp TEC Hardee FPC Vandolah	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Dade City FPC Zephyrhills N	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Dade City FPC Union Hall	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Dale Mabry FPC Denham	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Orchid Springs Tap FPC Haines City Tap	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Cabbage Hill FPC Zephyryhills	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Cabbage Hill FPC Denham	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Phillips FPC DeSoto City	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Dinner Lake FPC Lakewood	Interconnection Agreement	
Tampa Electric Co	Florida Power Corp TEC Dinner Lake FPC Sun'N Lakes	Interconnection Agreement	
Tampa Electric Co	Florida Power & Light TEC Big Bend FPL Ringling	Interconnection Agreement	
Tampa Electric Co	Florida Power & Light TEC Big Bend FPL Manatee	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Florida Power & Light TEC Big Bend FPL Manatee	Interconnection Agreement	Rate Sch 42 & Suppl No 1 to Rate Sch 42
Tampa Electric Co	City of Lakeland (FL Municipal Power Pool) TEC Sandhill LAK Highland City	Interconnection Agreement	Rate Sch 41
Tampa Electric Co	City of Lakeland (FL Municipal Power Pool) TEC Polk City LAK Orangedale	Interconnection Agreement	Rate Sch 45
Tampa Electric Co	City of Lakeland TEC Lake Agnes LAK McIntosh	Interconnection Agreement	
Tampa Electric Co	City of Lakeland (FL Municipal Power Pool) TEC Gapway LAK East	Interconnection Agreement	
Tampa Electric Co	Seminole Electric Cooperative Inc TEC Hardee SEC Lee	Interconnection Agreement	
Tampa Electric Co	Withlacoochee River ~~Seminole Electric Cooperative Inc~~ TEC Cabbage Hill ~~SEC Saddlebrook~~ WRAC Saddle brook	Interconnection Agreement	
Tampa Electric Co	Reedy Creek Improvement District TEC Osceola RCID Studio	Interconnection Agreement	
Tampa Electric Co	Orlando Utilities Commission TEC Lake Agnes OUC Osceola	Interconnection Agreement	
Tampa Electric Co	Orlando Utilities Commission TEC Osceola OUC Cane Island	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Auburndale Power Partners	Interconnection Agreement	Rate Sch 49
Tampa Electric Co	Auburndale Power Partners	Interconnection Agreement	Suppl No 1 to Rate Sch 49
Tampa Electric Co	Cargill Fertilizer Ridgewood	Interconnection Agreement	Suppl No 4 to Rate Sch 39
Tampa Electric Co	Cargill Fertilizer Ridgewood & Millpoint	Transmission Svc Agreement	Rate Sch 39
Tampa Electric Co	Cargill Fertilizer Millpoint	Interconnection Agreement	Rate Sch 51
Tampa Electric Co	Cutrale Fruit Juices Inc	Interconnection Agreement	
Tampa Electric Co	C F Industries	Interconnection Agreement	
Tampa Electric-Co	City of Tampa Sewage (Adv Wastewater Treatment Plant - HP)	Interconnection Agreement	
Tampa Electric Co	City of Tampa Refuse (McKay Bay)	Interconnection Agreement	
Tampa Electric Co	Farmland Hydro LP	Interconnection Agreement	
Tampa Electric Co	Hillsborough County Solid Waste Energy Recovery	Interconnection Agreement	
Tampa Electric Co	IMC Agrico - New Wales	Interconnection Agreement	
Tampa Electric Co	IMC Agrico - So Pierce	Interconnection Agreement	
Tampa Electric Co	IMC Agrico - Nichols	Interconnection Agreement	
Tampa Electric Co	Mulberry Phosphates Inc	Interconnection Agreement	Rate Sch 44
Tampa Electric Co	Mulberry Phophates Inc	Transmission Svc Agreement	Rate Sch 28
Tampa Electric Co	Nitram Inc	Interconnection Agreement	
Tampa Electric Co	Hardee Power Partners Ltd/Seminole Electric Cooperative	Tripartate Interconnection Agreement	Suppl No 8 to Rate Sch 37
Tampa Electric Co	Florida Power Corporation	Power Sale with Bundled Transmission Svc	1st Revised Vol 1, SA 5
Tampa Electric Co	FMPA (City of Ft Meade)	Power Sale with Bundled Transmission Svc	1st Revised Vol 1, SA 3

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Hardee Power Partners Ltd	Transmission Svc Agreement	Suppl to Rate Sch 33
Tampa Electric Co	Reedy Creek Improvement District	Power Sale with Bundled Transmission Svc	Rate Sch 55
Tampa Electric Co	Seminole Electric Cooperative Inc	Power Sale with Bundled Transmission Svc	Rate Sch 37
Tampa Electric Co	City of St Cloud	Power Sale with Bundled Transmission Svc	1st Revised Vol 1, SA 6
Tampa Electric Co	City of Wauchula	Power Sale with Bundled Transmission Svc	1st Revised Vol 1, SA 2
Tampa Electric Co	Seminole Electric Cooperative Inc	Transmission Svc Agreement	Rate Sch 52
Tampa Electric Co	Orange Cogen (Polk Pwr Partners Ltd)	Power Purchase	FPC-T-1(OATT)
Tampa Electric Co	Florida Power Corp	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 6
Tampa Electric Co	Florida Power & Light	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 7
Tampa Electric Co	Util Comm of New Smyrna Beach	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 13
Tampa Electric Co	Jacksonville Electric Authority	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 14
Tampa Electric Co	Kissimmee Util Authority	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 16
Tampa Electric Co	City of St Cloud	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 17
Tampa Electric Co	Gainesville Regional Util Commission	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 19
Tampa Electric Co	City of Tallahassee	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 20
Tampa Electric Co	City of Lakeland	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 21
Tampa Electric Co	City of Lake Worth	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 26

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Orlando Utilities Commission	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 27
Tampa Electric Co	Florida Municipal Power Agency	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 29
Tampa Electric Co	Util Board of the City of Key West	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 30
Tampa Electric Co	City of Homestead	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 32
Tampa Electric Co	Florida Power & Light	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 35
Tampa Electric Co	City of Wauchula	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 36
Tampa Electric Co	Seminole Electric Cooperative Inc	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 37
Tampa Electric Co	Oglethorpe Power Corp	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 38
Tampa Electric Co	FMPA (City of Ft Mead)	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 40
Tampa Electric Co	Reedy Creek Improvement District	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 54
Tampa Electric Co	Tennessee Valley Authority	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 57
Tampa Electric Co	South Carolina Gas & Electric Co	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 58
Tampa Electric Co	Southern Company Services	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 62
Tampa Electric Co	The Energy Authority Inc	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 67
Tampa Electric Co	El Paso Merchant Energy LP	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 68
Tampa Electric Co	LG&E Marketing Inc	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 69
Tampa Electric Co	PECO Energy Co - Power Team	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 70
Tampa Electric Co	Koch Energy Trading Inc	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 71

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Tennessee Valley Authority	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 72
Tampa Electric Co	Southern Company Energy Marketing LP	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 74
Tampa Electric Co	Tenaska Power Services Co	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 75
Tampa Electric Co	Virginia Electric and Power Co	Transmission Svc Agreement (Opportunity Sales Agreement)	Rate Sch 76
Tampa Electric Co	AIG Trading Corporation	Transmission Svc Agreement	1st Rev Vol 4, SA 17
Tampa Electric Co	Auburndale Power Partners LP	Transmission Svc Agreement	1st Rev Vol 4, SA 30
Tampa Electric Co	CINERGY Svc Inc, Agent for CG&E & PSI	Transmission Svc Agreement	1st Rev Vol 4, SA 18
Tampa Electric Co	City of Lakeland	Transmission Svc Agreement	1st Rev Vol 4, SA 7
Tampa Electric Co	City of Lake Worth	Transmission Svc Agreement	1st Rev Vol 4, SA 5
Tampa Electric Co	Coral Power LLC	Transmission Svc Agreement	1st Rev Vol 4, SA 24
Tampa Electric Co	Dynegy Power Marketing Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 12
Tampa Electric Co	Engage Energy US LP	Transmission Svc Agreement	1st Rev Vol 4, SA 42
Tampa Electric Co	Enron Power Marketing Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 34
Tampa Electric Co	Florida Municipal Power Agency	Transmission Svc Agreement	1st Rev Vol 4, SA 48
Tampa Electric Co	Florida Power & Light	Transmission Svc Agreement	1st Rev Vol 4, SA 1
Tampa Electric Co	Florida Power Corporation	Transmission Svc Agreement	1st Rev Vol 4, SA 46
Tampa Electric Co	Hardee Power Partners LTD	Transmission Svc Agreement	1st Rev Vol 4, SA 39
Tampa Electric Co	NP Energy Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 25

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Orlando Utilities Commission	Transmission Svc Agreement	1st Rev Vol 4, SA 10
Tampa Electric Co	PECO Energy Co Power Team	Transmission Svc Agreement	1st Rev Vol 4, SA 19
Tampa Electric Co	Reedy Creek Improvement District	Transmission Svc Agreement	1st Rev Vol 4, SA 28
Tampa Electric Co	SCANA Energy Marketing Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 14
Tampa Electric Co	South Carolina Electric & Gas Co	Transmission Svc Agreement	1st Rev Vol 4, SA 6
Tampa Electric Co	Southern Company Services Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 20
Tampa Electric Co	Southern Company Energy Marketing LP	Transmission Svc Agreement	1st Rev Vol 4, SA 27
Tampa Electric Co	Tampa Electric Company	Transmission Svc Agreement	1st Rev Vol 4, SA 9
Tampa Electric Co	Tenaska Power Services Co	Transmission Svc Agreement	1st Rev Vol 4, SA 40
Tampa Electric Co	Tennessee Valley Authority	Transmission Svc Agreement	1st Rev Vol 4, SA 41
Tampa Electric Co	The Energy Authority Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 51
Tampa Electric Co	Utilities Commission, City of New Smyrna Beach	Transmission Svc Agreement	1st Rev Vol 4, SA 53
Tampa Electric Co	Utility Board of the City of Key West, FL	Transmission Svc Agreement	1st Rev Vol 4, SA 4
Tampa Electric Co	Virginia Electric and Power Company	Transmission Svc Agreement	1st Rev Vol 4, SA 32
Tampa Electric Co	Western Power Services Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 21
Tampa Electric Co	Williams Energy Services Company	Transmission Svc Agreement	1st Rev Vol 4, SA 8
Tampa Electric Co	Auburndale Power Partners LP	Transmission Svc Agreement	1st Rev Vol 4, SA 29

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	City of Lakeland, FL	Transmission Svc Agreement	1st Rev Vol 4, SA 49
Tampa Electric Co	Enron Power Marketing Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 33
Tampa Electric Co	Florida Municipal Power Agency	Transmission Svc Agreement	1st Rev Vol 4, SA 47
Tampa Electric Co	Florida Power Corporation	Transmission Svc Agreement	1st Rev Vol 4, SA 45
Tampa Electric Co	Hardee Power Partners Ltd	Transmission Svc Agreement	1st Rev Vol 4, SA 36
Tampa Electric Co	Reedy Creek Improvement District	Transmission Svc Agreement	1st Rev Vol 4, SA 44
Tampa Electric Co	Tampa Electric Co (FMPA-Capacity & Energy)	Transmission Svc Agreement	1st Rev Vol 4, SA 43
Tampa Electric Co	Tampa Electric Co (Utili Comm, City of New Smyrna Beach - Capacity & Energy)	Transmission Svc Agreement	1st Rev Vol 4
Tampa Electric Co	Tampa Electric Company (Umbrella Agreement)	Transmission Svc Agreement	1st Rev Vol 4, SA 35
Tampa Electric Co	Tenaska Power Services Co	Transmission Svc Agreement	1st Rev Vol 4, SA 37
Tampa Electric Co	Tennessee Valley Authority	Transmission Svc Agreement	1st Rev Vol 4, SA 38
Tampa Electric Co	The Energy Authority Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 50
Tampa Electric Co	Utilities Commission, City of New Smyrna Beach	Transmission Svc Agreement	1st Rev Vol 4, SA 52
Tampa Electric Co	Virginia Electric and Power Co	Transmission Svc Agreement	1st Rev Vol 4, SA 31
Tampa Electric Co	Allegheny Energy Supply Co LLC	Transmission Svc Agreement	1st Rev Vol 4, SA 55
Tampa Electric Co	Cargill-Alliant LLC	Transmission Svc Agreement	1st Rev Vol 4, SA 57

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Tampa Electric Co	Cargill Fertilizer Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 59
Tampa Electric Co	Allegheny Energy ~~Suply~~ Supply Co LLC	Transmission Svc Agreement	1st Rev Vol 4, SA 54
Tampa Electric Co	Cargill-Alliant LLC	Transmission Svc Agreement	1st Rev Vol 4, SA 56
Tampa Electric Co	Cinergy Services Inc	Transmission Svc Agreement	1st Rev Vol 4, SA 58
Florida Power & Light	Seminole Lee	Interconnection Agreement	
Florida Power & Light	Osceola Farms	Interconnection Agreement; Transmission Svc Agreement	COG-1
Florida Power & Light	Cape Canaveral/Orlando Utilities Commission	Interconnection Agreement	
Florida Power & Light	Solid Waste Palm Beach QF	Interconnection Agreement; Transmission Svc Agreement	
Florida Power & Light	US Air Force	Interconnection Agreement	
Florida Power & Light	S District Waste Water	Interconnection Agreement	
Florida Power & Light	Naples Beach QF	Interconnection Agreement	
Florida Power & Light	National Aeronautics	Interconnection Agreement	
Florida Power & Light	Barnett Tech Inc	Interconnection Agreement	
Florida Power & Light	Bell South	Interconnection Agreement	
Florida Power & Light	Dade CRRF	Interconnection Agreement	
Florida Power & Light	DTH TECHCO	Interconnection Agreement	
Florida Power & Light	Fort Pierce	Interconnection Agreement	
Florida Power & Light	FAA	Interconnection Agreement	
Florida Power & Light	FMPA/Clewiston	Interconnection Agreement	
Florida Power & Light	Florida Power Corp	Interconnection Agreement	
Florida Power & Light	Florida Power Corp	Interconnection Agreement	
Florida Power & Light	Florida Power Corp	Interconnection Agreement	
Florida Power & Light	FKEC/Key West	Interconnection Agreement	
Florida Power & Light	Gainesville	Interconnection Agreement	
Florida Power & Light	Seminole Electric	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power & Light	US Air Force	Interconnection Agreement	
Florida Power & Light	BIO-Energy Partners Inc	Interconnection Agreement; Transmission Svc Agreement	COG-2
Florida Power & Light	Sarasota Mem Hosp	Interconnection Agreement	
Florida Power & Light	Indiantown Cogen QF	Interconnection Agreement; Transmission Svc Agreement	COG-2
Florida Power & Light	Georgia-Pacific	Interconnection Agreement; Transmission Svc Agreement	COG-2
Florida Power & Light	Wheelabrator N Broward	Transmission Svc Agreement	
Florida Power & Light	Wheelabrator S Broward	Transmission Svc Agreement	COG-2
Florida Power & Light	AES-Cedar Bay	Transmission Svc Agreement	COG-2
Florida Power & Light	Lee County RR	Transmission Svc Agreement	COG-1
Florida Power & Light	MM Tomoka Farms	Transmission Svc Agreement	COG-1
Florida Power & Light	Okeelanta Corp	Transmission Svc Agreement	COG-1
Florida Power & Light	Tropicana	Transmission Svc Agreement	COG-1
Florida Power & Light	US Sugar	Transmission Svc Agreement	
Florida Power & Light	Royster	Transmission Svc Agreement	COG-2
Florida Power & Light	SES Broward Company	Transmission Svc Agreement	COG-2
Florida Power & Light	Seminole Electric Cooperative Inc	Transmission Svc Agreement	Rate Sch 162
Florida Power & Light	Georgia Transmission	Transmission Svc Agreement	OATT
Florida Power & Light	City of Starke	Transmission Svc Agreement	T2.R1.A0.SA1.R.A0 RS79.R.A0.P0000
Florida Power & Light	FMPA	Transmission Svc Agreement	Rate Sch 72
Florida Power & Light	FMPA	Transmission Svc Agreement	Rate Sch 92
Florida Power & Light	FMPA/Stanton	Transmission Svc Agreement	Rate Sch 92
Florida Power & Light	FMPA/Tri County	Transmission Svc Agreement	Rate Sch 93
Florida Power & Light	FMPA/St Lucie	Transmission Svc Agreement	Rate Sch 72
Florida Power & Light	Metro Dade	Transmission Svc Agreement	Rate Sch 124
Florida Power & Light	St Lucie/OUC	Transmission Svc Agreement	Rate Sch 72

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power & Light	FMPA/Stanton II	Transmission Svc Agreement	Rate Sch 72
Florida Power & Light	Jacksonville Electric	Jt Ownership of Substation	
Florida Power & Light	Florida Crushed Stone	Transmission Svc Agreement	COG-2
Florida Power & Light	Southern Company Service Scherer #4	Transmission Svc Agreement	
Florida Power & Light	FMPA PSL2	Transmission Svc Agreement	Rate Sch 72
Florida Power & Light	Orlando Utilities Comm	Transmission Svc Agreement	Rate Sch 69
Florida Power & Light	Dade County	Transmission Losses	Rate Sch 124
Florida Power & Light	FKEC	Power Sale w/Bundled Transmission Service	Rate Sch 130
Florida Power & Light	Southern Company	Interface Agreement	
Florida Power & Light	Jacksonville Electric Authority	Interface Agreement	RS3.R.A0.P0000
Florida Power & Light	Florida Municipal Power Agency	Transmission Svc Agreement (Interchange Agreement)	RS86R.A0.P0000
Florida Power & Light	Florida Power Corp	Transmission Svc Agreement (Interchange Agreement)	RS24.R.A0.P0000 RS61.R.A0.P0000
Florida Power & Light	Gainesville Regional Util Commission	Transmission Svc Agreement (Interchange Agreement)	RS62.R.A0.P0000 RS81.RA0.P0000
Florida Power & Light	City of Homestead	Transmission Svc Agreement (Interchange Agreement)	RS55.R.A0.P0000
Florida Power & Light	Jacksonville Electric Authority	Transmission Svc Agreement (Interchange Agreement)	RS31.R.A0.P0000 RS60.R.A0.P0000
Florida Power & Light	City of Lakeland	Transmission Svc Agreement (Interchange Agreement)	RS43.R.A0.P0000 Rs46.R.A0.P0000
Florida Power & Light	City of Lake Worth	Transmission Svc Agreement (Interchange Agreement)	RS7.R.A0.P0000 RS56.R.A0.P0000
Florida Power & Light	New Smyrna Beach	Transmission Svc Agreement (Interchange Agreement)	RS59.R.A0.P0000 RS88.R.A0.P0000 RS89.R.A0.P0000
Florida Power & Light	Orlando Utilities Commission	Transmission Svc Agreement (Interchange Agreement)	RS33.R.A0.P0000 RS66.R.A0.P0000 RS70.R.A0.P000
Florida Power & Light	Southern Company Services	Transmission Svc Agreement (Interchange Agreement)	RS36.R.A0.P00000 RSW45.R.A0.P000

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power & Light	Reedy Creek Improvement District	Transmission Svc Agreement (Interchange Agreement)	RS112.R.A0.P0000
Florida Power & Light	City of St Cloud	Transmission Svc Agreement (Interchange Agreement)	RS40.R.A0.P0000 RS63.R.A0.P0000
Florida Power & Light	Seminole Electric Cooperative	Transmission Svc Agreement (Interchange Agreement)	RS78.R.A0.P0000 RS102.R.A0.P0000
Florida Power & Light	City of Tallahassee	Transmission Svc Agreement (Interchange Agreement)	RS47.R.A0.P0000 RS98.R.A0.P0000 RS107.R.A0.P0000
Florida Power & Light	Tampa Electric Company	Transmission Svc Agreement (Interchange Agreement)	RS23.R.A0.P0000 RS57.R.A0.P0000
Florida Power Corp	Central Power & Lime	Interconnection Agreement	
Florida Power Corp	Jefferson Power	Interconnection Agreement	
Florida Power Corp	Lake Cogen	Interconnection Agreement	
Florida Power Corp	Lake Co RR	Interconnection Agreement	
Florida Power Corp	Mulberry	Interconnection Agreement	
Florida Power Corp	Orange Cogen	Interconnection Agreement	
Florida Power Corp	Orlando Cogen	Interconnection Agreement	
Florida Power Corp	Pasco Cogen	Interconnection Agreement	
Florida Power Corp	Pasco RR	Interconnection Agreement	
Florida Power Corp	Perpetual Energy	Interconnection Agreement	
Florida Power Corp	Pinellas Co RR	Interconnection Agreement	
Florida Power Corp	Ridge Cogen	Interconnection Agreement	
Florida Power Corp	Timber Energy	Interconnection Agreement	
Florida Power Corp	US Agri Chem	Interconnection Agreement	
Florida Power Corp	Florida Power & Light FPC North Longwood/ FPL Sylvan Sub	Interconnection Agreement	
Florida Power Corp	Florida Power & Light FPC Debary /Altamont/ FPL Sanford Subs	Interconnection Agreement	
Florida Power Corp	Florida Power & Light FPC Deland East Sub/ FPL Deland Sub	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	Florida Power & Light FPC Holopaw Sub/ FPL Poinsett Sub	Interconnection Agreement	
Florida Power Corp	Florida Power & Light FPC Turner Sub/ FPL Barwick Sub	Interconnection Agreement	
Florida Power Corp	Florida Power & Light FPC Suwannee Sub/ FPL Columbia Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Lake Tarpon Sub/ TEC Sheldon Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC W Lake Wales Sub/ TEC So Eloise Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Barcola Sub/ TEC Pebbledale Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Zephyrhills No Sub/ TEC Dade City Sub/	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Denham Sub/ TEC Dale Mabry Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Cypresswood Sub/ TEC Orchid Spngs Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Sun'n Lake-Desoto City Sub/ TEC Dinner Lake Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Dinner Lake Sub/ TEC Dinner Lake Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC No Bartow Sub/ TEC No Bartow Sub	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	Tampa Electric Co FPC Union Hall Sub/ TEC Dade City Sub	Interconnection Agreement	
Florida Power Corp	Tampa Electric Co FPC Denham-Zeph Line TEC Cabbage Hill Sub	Interconnection Agreement	
Florida Power Corp	City of Gainesville FPC Archer Sub/ GRU Sernola-Depot line	Interconnection Agreement	
Florida Power Corp	Kissimmee Util Auth FPC Lake Bryan Sub/ KUA Lk Cecile Sub	Interconnection Agreement	
Florida Power Corp	Kissimmee Util Auth FPC Meadow Wds So Sub/ KUA Employee Sub	Interconnection Agreement	
Florida Power Corp	Lakeland Utilities FPC Griffin Sub/ Lakeland West Sub	Interconnection Agreement	
Florida Power Corp	Lakeland Utilities FPC Barcola Sub/ Lakeland West Sub	Interconnection Agreement	
Florida Power Corp	New Smyrna Beach FPC Cassadaga Sub/ NSB Smyrna Sub	Interconnection Agreement	
Florida Power Corp	Orlando Util Comm FPC Woodsmere Sub/ OUC Pinehill Sub	Interconnection Agreement	
Florida Power Corp	Orlando Util Comm FPC windermere Sub/ OUC Southwood Sub	Interconnection Agreement	
Florida Power Corp	Orlando Util Comm FPC Sky Lake Sub/ OUC Southwood Sub	Interconnection Agreement	
Florida Power Corp	~~Orland~~ Orlando Util Comm FPC Meadow Wds So Sub/OUC Taft Sub	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	Orlando Util Comm FPC Rio Pinar-Curry Ford Sub/OUC Stanton Plant Sub	Interconnection Agreement	
Florida Power Corp	Reedy Creek FPC Reedy Lake Sub/ RCI Theme Park Sub	Interconnection Agreement	
Florida Power Corp	Reedy Creek FPC Isleworth Sub/ RCI Theme Park Sub	Interconnection Agreement	
Florida Power Corp	Reedy Creek FPC Lake Bryan Sub/ RCI Lk Buena Vista Sub	Interconnection Agreement	
Florida Power Corp	Seminole Electric FPC Silver Springs Sub/ SEC Silver Spgs No Sub	Interconnection Agreement	
Florida Power Corp	Seminole Electric FPC Dearmin Sub/SEC Silver Spgs No Sub	Interconnection Agreement	
Florida Power Corp	Seminole Electric FPC Martin West Sub/ SEC Silver Spgs No Sub	Interconnection Agreement	
Florida Power Corp	Seminole Electric FPC Vandola Sub/ SEC Hardee Sub	Interconnection Agreement	
Florida Power Corp	City of St. Cloud FPC Holopaw Sub/STC East Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Port St Joe Sub/ SOU Callaway Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Suwannee Sub/ SOU Tifton Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Suwannee Sub/ SOU Pine Grove Sub	Interconnection Agreement	

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	Southern Company FPC Jasper Sub/ SOU Waycross Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Jasper Sub/ SOU Pine Grove Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Quincy Sub/ SOU Scholz Sub	Interconnection Agreement	
Florida Power Corp	Southern company FPC Quincy Sub/ SOU Bainbridge Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Monticello Sub/ SOU Boston Sub	Interconnection Agreement	
Florida Power Corp	Southern Company FPC Jasper Sub/ Valdosta Sub	Interconnection Agreement	
Florida Power Corp	City of Tallahassee FPC Crawfordville Sub/ TAL Hopkins Plt Sub	Interconnection Agreement	
Florida Power Corp	City of Tallahassee FPC Tallahassee Sub/ TAL No 3 Sub	Interconnection Agreement	
Florida Power Corp	City of Tallahassee FPC Bradfordville Sub/ TAL No 7 Sub	Interconnection Agreement	
Florida Power Corp	City of Tallahassee FPC St Marks Sub/ TAL Purdom Plt Sub	Interconnection Agreement	
Florida Power Corp	City of Tallahassee FPC Jackson Bluff Sub/ TAL Jackson Bluff Plt	Interconnection Agreement	
Florida Power Corp	Seminole Electric Cooperative Inc	Transmission Svc Agreement	Rate Sch 106
Florida Power Corp	Florida Municipal Power Authority	Transmission Svc Agreement	Rate Sch 107
Florida Power Corp	Southeastern Power Administration	Power Sale with Bundled Transmission Svc	Rate Sch 65

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	City of Tallahassee	Transmission Svc Agreement	Rate Sch 178
Florida Power Corp	Seminole Electric Cooperative Inc	Transmission Svc Agreement	Rate Sch 176
Florida Power Corp	Williston	Transmission Svc Agreement	Rate Sch 124
Florida Power Corp	Newberry	Power Sale with Bundled Transmission Svc	Rate Sch 116
Florida Power Corp	Chattahoochee	Transmission Svc Agreement	Rate Sch 126
Florida Power Corp	Quincy	Transmission Svc Agreement	Tariff RS2
Florida Power Corp	Bartow	Transmission Svc Agreement	Tariff V7
Florida Power Corp	Mount Dora	Transmission Svc Agreement	Rate Sch 127
Florida Power Corp	Tal/TriCo	Transmission Svc Agreement	Tariff RS2
Florida Power Corp	Havana	Transmission Svc Agreement	Rate Sch 115
Florida Power Corp	City of St Cloud	Transmission Svc Agreement	Rate Sch 121
Florida Power Corp	Kissimmee Utilities Authority	Transmission Svc Agreement	Rate Sch 120
Florida Power Corp	Utilities Commission, New Smyrna Beach	Transmission Svc Agreement	Rate Sch 144
Florida Power Corp	Utilities Commission, New Smyrna Beach (Peaking)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Reedy Creek Improvement District	Transmission Svc Agreement	Rate Sch 118
Florida Power Corp	City of Tallahassee	Transmission Svc Agreement	Rate Sch 178
Florida Power Corp	Georgia Power (FPC IC11)	Transmission Svc Agreement	
Florida Power Corp	Utilities Commission New Smyrna Beach (FPC/CR#3)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Orlando Utilities Commission (FPC/CR#3)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Kissimmee Utilities Commission (FPC/CR#3)	Transmission Svc Agreement	Orig Vol 6

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	Gainvesville Regional Util Commission (FPC/CR#3)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	City of Alachua (FPC/CR#3)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Tallahassee (Corn Hydro)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Central Power & Lime	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Orange Cogen (Polk Pwr Partners LP)	Transmission Svc Agreement	Orig Vol 6
Florida Power Corp	Seminole ~~Electric~~ Electric Cooperative Inc.	Transmission Svc Agreement	Rate Sch T-1
Florida Power Corp	Florida Power Corp	Transmission Svc Agreement	Orig Vol 6, SA 13
Florida Power Corp	City of Homestead	Transmission Svc Agreement	Rate Sch 82
Florida Power Corp	City of Key West	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 108
Florida Power Corp	City of Lakeland	Transmission Svc Agreement	Rate Sch 92
Florida Power Corp	City of New Smyrna Beach	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 104
Florida Power Corp	City of Starke	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 103
Florida Power Corp	City of St Cloud	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 95
Florida Power Corp	City of Tallahassee	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 122
Florida Power Corp	City of Vero Beach	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 141
Florida Power Corp	Florida Municipal Power Agency	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 105
Florida Power Corp	Florida Power & Light	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 81/102
Florida Power Corp	Gainesville Regional Utilities	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 88
Florida Power Corp	Jacksonville Electric Authority	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 91

Name of Transmission Provider	Name of Customer	Type of Contract	FERC Rate Schedule
Florida Power Corp	Kissimmee Utility Authority	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 94
Florida Power Corp	Lake Worth Utilities Authority	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 101
Florida Power Corp	Oglethorpe Power Corp	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 139
Florida Power Corp	Orlando Utilities Commission	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 86
Florida Power Corp	Reedy Creek Improvement District	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 119
Florida Power Corp	Seminole Electric Cooperative Inc	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 128
Florida Power Corp	Tampa Electric Company	Transmission Svc Agreement (Interchange Agreement)	Rate Sch 80

ATTACHMENT U

Rate True-Ups

~~Within 20 days of the date billing is completed for the final month of a Tariff Year~~ June 1 of each calendar year, the Transmission Provider shall calculate rates for Long-Term Firm Point-to-Point Transmission Service and Network Service each month of the ~~Tariff Year~~ prior calendar year based on the approved, accepted, or otherwise effective revenue requirements that were in effect during the month (as such revenue requirements may be trued-up) and the Monthly Actual Transmission System Peaks and Monthly Actual Zonal Peaks, as applicable. In calculating said rates, the Transmission Provider shall apply a credit to Annual System Transmission Costs each month equal to (a) the revenues received for sales of PTRs and ~~ATRs~~ RTRs during the ~~Tariff Year~~ calendar year, including interest calculated in accordance with 18 C.F.R. § 35.19a(a)(2)(iii), multiplied by (b) the ratio of the Monthly Actual Transmission System Peak for the month to the sum of the Monthly Actual Transmission System Peaks for the ~~Tariff Year~~ calendar year. Also on June 1 of each calendar year, the Transmission Provider shall calculate the Grid Management Charge and charge for Scheduling, System Control and Dispatch Service based on actual cost data and Monthly Actual Transmission System Peaks. The Transmission Provider shall recalculate each Transmission Customer's transmission charges for each month of the expired ~~Tariff Year~~ calendar year using said recalculated rates. The Transmission Provider shall notify each Transmission Customer of the difference between (a) the sum of the monthly charges charged to the Transmission Customer under the Tariff for the expired ~~Tariff Year~~ calendar year and (b) the sum of the monthly charges that would have been charged to the Transmission Customer under the Tariff using the recalculated rates. Payments of any such positive difference shall be made by the Transmission Provider to the

Transmission Customer within 30 days of the date the Transmission Provider provides such notice. Payments of any such negative difference shall be made by the applicable Transmission Customer to the Transmission Provider within 30 days of the date the Transmission Provider provides such notice. Payments shall include interest calculated in accordance with 18 C.F.R. § 35.19a(a)(2)(iii). Interest shall be calculated for the difference between the amount paid by the Transmission Customer for each month and the amount owed by the Transmission Customer as calculated under this Attachment U for that month, from the original date of receipt of payment by the Transmission Provider of amounts owed for the month to the date the true-up notice is provided pursuant to this provision.

Notwithstanding the foregoing, discounted transmission rates and associated bills under this Tariff shall not be trued-up.

ATTACHMENT V

Transmission Rate Zones

The Transmission Rate Zones are as follows:

ZONE	FACILITIES
• Florida Power & Light*	FP&L System SECI: Seminole Plant to Rice Creek Hardee Power Station to Lee Seminole Plant to JEA Firestone Seminole 69KV Facilities in FP&L Control Area SECI Member Facilities in FP&L Control Area FMPA:Member Facilities East Zone Clewiston Forte Meade Fort Pierce Green Cove Springs Havana Jacksonville Beach Key West Starke Vero Beach Florida Keys Electric Corp. Okeefenokee Coop.
• Florida Power Corporation*	FPC System SECI: Seminole Plant to Silver Springs Hardee Power Station to Vandolah Seminole 69 KV Facilities in FPC Control Area SECI Member Facilities in FPC Control Area FMPA:Member Facilities West Zone Cane Island to I.C. Ocala Bushnell Leesburg
• Tampa Electric Company*	TECO System

- Kissimee Utilities Authority — KUA System

*Entities that have committed to joining GridFlorida

- St. Cloud — St. Cloud System
- Lakeland — Lakeland System
- Orlando Utilities Commission — OUC System
- Gainesville Regional Utilities — GRU System
- Tallahassee — TAL System
- Reedy Creek Improvement District — RCID System
- New Smyrna Beach — NSB System
- Jacksonville Electric Authority — JEA System
- Lake Worth — LW System
- Homestead — Homestead System

ATTACHMENT W
INSTALLED CAPACITY AND ENERGY SPECIFICATION

I. Overview

~~All~~ While such an obligation will not be placed into effect upon initial Transmission Provider operations, at such time as the Transmission Provider is able to implement such a requirement, all Load Serving Entities ("LSEs") within the GridFlorida transmission area will have a mandatory installed capacity and energy ("ICE") obligation. ~~The amount of each LSE's ICE obligation will be determined by the FPSC and/or FRCC. LSEs will meet their ICE obligations through rights to generation capacity that they own, through qualified demand resources, or by entering into bilateral contract arrangements with suppliers as described below. If an LSE does not have a sufficient amount of ICE rights to satisfy its obligation on a forward rolling twelve month basis, the Transmission Provider, or other appropriate entity, will require the deficient LSE to purchase sufficient contract rights during a monthly deficiency auction.~~

II. The ICE Obligation

A. ~~**Determination of Each LSE's Obligation: The extent of each LSE's ICE obligation**~~ **Capacity and Energy Obligations.** Each LSE will be obligated to ~~established by the FPSC and/or FRCC.~~

~~B. Obligation Period: Each LSE must~~ demonstrate to the Transmission Provider ~~at the start of each month~~ that it has satisfied its ICE obligation ~~for each of the following twelve months~~ by demonstrating that it has the requisite ICE rights. LSEs will be able to ~~for each of those months.~~

~~C. Satisfying the LSE Energy Call Obligation: LSEs can~~ demonstrate satisfaction of their ICE obligation by establishing that they have (1) qualifying rights to generation owned by the LSE; (2) qualified demand resources, including demand side management and interruptible load; or (3) qualified purchase contracts. LSEs will be required to show that they have rights ~~Rules will be developed to deal with units not available to satisfy the ICE obligation due to scheduled maintenance.~~

~~D. Generation Owned by LSE: In order for a generation resource owned by an LSE, or to which the LSE has express contract rights, to qualify as eligible to meet the LSE's ICE obligation, the generation resource must meet the audit and deliverability requirements set forth below. In addition, the LSE must have rights to the generation resource equal or superior to the rights an LSE has pursuant to a qualifying purchase contract described in paragraph F below.~~

~~E. Demand Resources: Demand resources may be used to reduce an LSE's firm load obligations and therefore its ICE obligation or may be sold to another LSE as the equivalent of, and substitute for, a purchase contract. Demand resources,~~

~~including demand side management and interruptible load, must satisfy the qualifications established by [] to serve as such resources, including the ability to be included in the dispatch process according to rules developed by the Transmission Provider. To the extent that demand resources are sold as the equivalent of a purchase contract, rules will be developed to assure that such resources are available to the purchaser on an equivalent basis to that of the seller.~~

~~F. Purchase Contracts: LSEs may meet all or part of their ICE obligation by submitting satisfactory proof of having entered into purchase contract(s) that give the LSE the right to receive a given quantity of energy at a specified price. Purchase contracts must contain the minimum contract terms listed below. Provisions will be developed such that existing firm energy contracts may qualify as purchase contracts.~~

~~1. Right to Take Energy: The purchaser must have the right~~ to take energy from the applicable generation resources at a specified ~~resource that is exercisable [].~~

~~2. Purchase Price: The contract must specify an~~ energy purchase price, the amount of which need not be disclosed to the Transmission Provider.

~~**3. Liquidated damages: The contract must contain a liquidated damages clause set at commercial levels, or be otherwise structured to be firm.**~~

~~**4. Designated resource: The contract must specify the particular resource(s) that is (are) subject to the right to take energy.**~~

~~**G. Audit**~~ **B. Deliverability Requirements: ~~Any.~~** A generating resource that is used or desires to be qualified to be ~~used to satisfy LSE ICE obligations must satisfy periodic audit requirements pursuant to which the generating resource demonstrates that it is capable of producing the energy that it has committed or desires to provide to satisfy LSE ICE obligations.~~

~~H. Deliverability Requirements: A generating resource that is used or desires to be qualified to be~~ an ICE resource~~, may do so in the following circumstances:~~

~~1. Any generating resource may serve as an ICE resource for any LSE located in the same congestion zone as the generating resource.~~

~~2. The rules for how a generating resource may serve as an ICE resource for an LSE if the generating resource and the LSE are not in the same congestion zone will be developed.~~

~~3. A generating resource may serve as an ICE resource for an LSE if the LSE has designated the generating resource as a network resource.~~

~~New generating resources that desire to qualify to be used to satisfy LSE ICE obligations may request, and obtain, a study by the Transmission Provider evaluating the deliverability of the new generation resource and the incremental transmission facilities, if any, necessary for the resource to be deliverable. Such evaluation shall take into account all previously requested and granted GIS Service and Transmission Service.~~

~~1. Deficiency Auction:~~ will be subject to deliverability requirements.

C. Enforcement Mechanism. In the event that an LSE is unable to demonstrate satisfaction of its ICE obligation, it shall be given ~~10 days~~ a specified time in which to attempt to enter into ~~agreements~~ arrangements that will satisfy its obligation. ~~If the~~ Enforcement mechanisms will be available when an LSE is still unable to demonstrate that it has satisfied its obligation after this time period. Such enforcement mechanism will be in the form of a deficiency auction, deficiency charge, and/or other mechanisms ~~10 dayperiod, the Transmission Provider, or other appropriate entity, will conduct an auction for the purpose of providing the deficient LSE with capacity and energy to meet its obligation. The auction will be open to any generating or demand resource qualified to be used to satisfy LSE ICE obligations. The auction will be conducted as follows:~~

~~1. Standard purchase contract: The Transmission Provider will develop a standard purchase contract for use in the auction, with a specified energy price and a liquidated damages clause.~~

~~2. Submission of bids: Eligible generating resources may submit bids, with capacity prices and quantities, to enter into a standard purchase contract.~~

~~3. Clearing the market and assigning contracts: The auction will be cleared at a single market clearing price equal to the highest accepted capacity price bid. Any deficient LSE will pay the market clearing price and will be assigned contracts to specified generating resources sufficient to satisfy the LSE's deficiency.~~

---------- COMPARISON OF FOOTNOTES ----------

-FOOTNOTE 1-
/ The Transmission Provider will allocate, where appropriate, a portion of the cost of corporate service accounts to the management of transmission assets owned by the Transmission Provider.

-FOOTNOTE 2-
/ Cost of Common Equity to be filed.

-FOOTNOTE 3-
/ Cost of Common Equity to be filed.

-FOOTNOTE ~~1~~ 4-
IEEE Standard 421.5-1992 "IEEE Recommended Practice for Excitation System Models for Power System Stability Studies"

-FOOTNOTE ~~2~~ 5-
IEEE Digital Excitation Task Force, "Computer Models for Representation of Digital-Based Excitation Systems," IEEE Transactions on Energy Conversion, Vol. 11, No. 3, September 1996

-FOOTNOTE ~~3~~ 6-
IEEE Committee Report, "Recommended Models for Overexcitation Limiting Devices," IEEE Transactions on Energy Conversion, Vol. 10, No. 4, December 1995

-FOOTNOTE ~~4~~ 7-
IEEE Committee Report, "Dynamic Models for Steam and Hydro Turbine Control Models for System Dynamic Studies," IEEE transactions on Power Apparatus and Systems, Vol. PAS-92, November, 1973

-FOOTNOTE ~~5~~ 8-
W.I. Rowen, "simplified Mathematical Representations of Heavy Duty Gas Turbines," Transactions of ASME, Vol.105(1), 1983

-FOOTNOTE ~~6~~ 9-
/ This list is not intended to be exhaustive at this time.

---------- COMPARISON OF HEADERS ----------

-HEADER 1-
Open Access Transmission Tariff
FERC Electric Tariff Original Sheet No. 2

-HEADER 2-
GridFlorida LLC

-HEADER 3-
Open Access Transmission Tariff
Original Sheet No. ~~290~~ 313

-HEADER 4-
GridFlorida LLC

---------- COMPARISON OF FOOTERS ----------

-FOOTER 1-
~~Footer Discontinued~~ Issued By: CEO of GF Inc.
~~Footer Discontinued~~

~~-FOOTER 2-~~
~~Footer Discontinued~~ Issued On: May 29, 2001 Effective: Effective on the Date of GridFlorida Operations