

Ausley, McMullen, McGehee, Carothers & Proctor

Attorneys at Law

Washington Square Building  
227 S. Calhoun Street  
P. O. Box 391

Tallahassee, Florida 32302

Telephone 904 224-9115  
Telecopier 904 222-7560

June 4, 1990

HAND DELIVERED

Charles S. Ausley (1907-1972)  
John C. Ausley (1912-1980)  
D. Fred McMullen (1904-1980)  
DuBose Ausley  
James D. Beasley  
C. Graham Carothers  
Robert N. Clarke, Jr.  
Rebecca S. Conlan  
J. Marshall Conrad  
Timothy B. Elliott  
Stephen C. Emmanuel  
John P. Foss  
Van P. Gaeker  
Michael J. Glazer  
Cerie A. Green  
Gerald T. Hart

ORIGINAL  
FILE COPY

20  
J. Lee Wilson, III  
Kenneth R. Hart  
Margaret Ausley Hoffman  
E. Martin McGehee  
Carolyn D. Olive  
R. Stan Peeler  
Robert A. Pierce  
H. Palmer Proctor  
M. Julian Proctor, Jr.  
Steven P. Seymore  
William M. Smith  
Emily S. Waugh  
C. Gary Williams  
Lee L. Willis  
E. Bryan Wilson, III

Ms. Connie Kummer, Chief  
Bureau of Electric Rates  
Division of Electric and Gas  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32301

Re: Docket No. 900004-EU

Dear Ms. Kummer:

Enclosed, pursuant to Commission Vote at the Special Agenda Conference held on May 25, 1990 in the above docket, are five copies each of Tampa Electric's Standard Offer Contract Rate for Purchase of Firm Capacity and Energy from Qualifying Cogeneration and Small Power Production Facilities. This contract includes the following tariff sheets:

ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU \_\_\_\_\_  
CTR \_\_\_\_\_  
EAG \_\_\_\_\_  
LEG \_\_\_\_\_  
LIN \_\_\_\_\_  
OPC \_\_\_\_\_  
RCH \_\_\_\_\_  
SEC   /    
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

Third Revised Sheet No. 8.110  
Third Revised Sheet No. 8.120  
Fourth Revised Sheet No. 8.130  
Fourth Revised Sheet No. 8.140  
Fourth Revised Sheet No. 8.150  
Twelfth Revised Sheet No. 8.160  
Third Revised Sheet No. 8.170  
Ninth Revised Sheet No. 8.190  
Third Revised Sheet No. 8.200  
Third Revised Sheet No. 8.340  
Third Revised Sheet No. 8.350  
Second Revised Sheet No. 8.358  
Third Revised Sheet No. 8.370  
Third Revised Sheet No. 8.390  
Third Revised Sheet No. 8.400  
Third Revised Sheet No. 8.410  
Third Revised Sheet No. 8.420  
Third Revised Sheet No. 8.430

Also enclosed in one copy marked in legislative format to show the changes made to the above-referenced tariff sheets.

DOCUMENT NUMBER-DATE

04845 JUN-4 1990

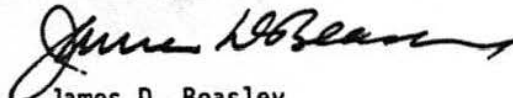
\*PSC-RECORDS/REPORTING

Ms. Connie Kummer  
June 4, 1990  
Page 2

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

Thank you for your assistance in connection with this matter.

Sincerely,

  
James D. Beasley

JDB/pp  
encls.

cc: Mr. Steve C. Tribble (w/encls.) ✓  
All Parties of Record (w/encls.)

STANDARD OFFER CONTRACT RATE FOR PURCHASE OF  
FIRM CAPACITY AND ENERGY FROM QUALIFYING  
COGENERATION AND SMALL POWER PRODUCTION  
FACILITIES (QUALIFYING FACILITIES)

SCHEDULE

COG-2, Firm Capacity and Energy

AVAILABLE

Tampa Electric Company will purchase Firm Capacity and Energy offered by any Qualifying Facility, irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. On May 25, 1990, the Florida Public Service Commission designated the Statewide Avoided Unit associated with Tampa Electric's Standard Offer Contract as a 500 MW coal fired generating unit with an in-service date of 1996. Each year by January 1, the Company will complete the assessment of need for additional Firm Capacity and Energy Purchases for the next calendar year. Until such time as the statewide subscription limits have been exceeded, the Company will subscribe Firm Capacity and Energy offered by any Qualifying Facility under the provisions of this schedule.

Tampa Electric Company will negotiate and may contract with any Qualifying Facility, irrespective of its location, which is either directly or indirectly interconnected with the Company for the purchase of Firm Capacity and Energy pursuant to terms and conditions which deviate from this schedule where such negotiated contracts are in the best interest of the Company's ratepayers.

APPLICABLE

To any cogeneration or small power production Qualifying Facility, irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract" or a separately negotiated contract. Firm Capacity and Energy are described by the Florida Public Service Commission (FPSC) Rule 25-17.083, F.A.C., and are capacity and energy produced and sold by

a Qualifying Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions as to quantity, time and reliability of delivery. Criteria for achieving Qualifying Facility status shall be those set out in FPSC Rule 25-17.080, F.A.C.

#### CHARACTER OF SERVICE

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

#### LIMITATIONS

Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.087, F.A.C. and are limited to those Qualifying Facilities which:

- A) Execute a Company "Standard Offer Contract" prior to January 1, 1994 for the Company's purchase of Firm Capacity and Energy; and
- B) Commit to commence deliveries of Firm Capacity and Energy no later than January 1, 1996 and to continue such deliveries through at least December 31, 2005.
- C) Provide capacity which would not result in the 500 MW subscription limit on capacity as approved by the FPSC on May 25, 1990, to be exceeded.

#### RATES FOR PURCHASES BY THE COMPANY

Firm Capacity and Energy are purchased at unit costs, in dollars per kilowatt per month and cents per kilowatt hour, respectively, based on the value of deferring additional generating capacity in Florida. For the purpose of this schedule, a Statewide Avoided Unit has been designated by the FPSC and is considered to be a jointly owned, peninsular Florida base load generating plant consisting of one (1), 500 MW coal fired generating

unit with an in-service date of January 1, 1996. Appendix A of this schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's "Standard Offer Contract" pursuant to FPSC Rules 25-17.080 through 25-17.087, F.A.C.

**A. Firm Capacity Rates**

Three options, A, B, and C, as set forth below, are available for payment of Firm Capacity which is produced by the Qualifying Facility and delivered to the Company. Once selected, an option shall remain in effect for the term of the contract with the Company. Exemplary payment schedules, shown on sheets following this section, contain the monthly rate per kilowatt of Firm Capacity the Qualifying Facility has contractually committed to deliver to the Company and are based on a minimum contract term which extends ten (10) years beyond the anticipated in-service date of the Statewide Avoided Unit (i.e., through December 31, 2005). Payment schedules for longer contract terms will be made available to a Qualifying Facility upon request and may be calculated based on the methodologies described in Appendix A.

Solid waste facilities may qualify for a unique incentive schedule of Monthly Capacity Payments developed using methodology described in Appendix C and found in Appendix D of this rate schedule.

**Option A - Fixed Value of Deferral** - Payment schedules under this option are based on the value of a year-by-year deferral of the Statewide Avoided Unit with an in-service date of January 1, 1996; calculated in accordance with FPSC Rule 25-17.083, F.A.C., as described in Appendix A. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the "Standard Offer Contract".

The Qualifying Facility shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity

TAMPA ELECTRIC COMPANY

FOURTH REVISED SHEET NO. 8.140  
 CANCELS THIRD REVISED SHEET NO. 8.140

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

UNIT TYPE: 500 MW COAL UNIT (IN-SERVICE 1996)  
 80% RISK FACTOR  
 MONTHLY CAPACITY PAYMENT RATE \$/KM/MONTH

CONTRACT YEAR		NORMAL PAYMENT OPTION STARTING	EARLY PAYMENT OPTION STARTING						
FROM	TO		1/1/96	1/1/95	1/1/94	1/1/93	1/1/92	1/1/91	1/1/90
			\$/KM/MO	\$/KM/MO	\$/KM/MO	\$/KM/MO	\$/KM/MO	\$/KM/MO	\$/KM/MO
1/1/90	12/31/90	-	-	-	-	-	-	-	4.01
1/1/91	12/31/91	-	-	-	-	-	-	4.62	4.23
1/1/92	12/31/92	-	-	-	-	5.35	4.88	4.47	
1/1/93	12/31/93	-	-	-	6.23	5.65	5.15	4.72	
1/1/94	12/31/94	-	-	7.29	6.58	5.97	5.44	4.98	
1/1/95	12/31/95	-	8.60	7.70	6.95	6.30	5.75	5.26	
1/1/96	12/31/96	14.87	13.73	12.79	11.99	11.31	10.72	10.21	
1/1/97	12/31/97	15.69	14.49	13.49	12.65	11.93	11.31	10.77	
1/1/98	12/31/98	16.56	15.29	14.24	13.35	12.59	11.94	11.37	
1/1/99	12/31/99	17.48	16.14	15.03	14.09	13.29	12.60	11.99	
1/1/00	12/31/00	18.45	17.03	15.86	14.87	14.02	13.29	12.65	
1/1/01	12/31/01	19.47	17.98	16.73	15.69	14.79	14.02	13.35	
1/1/02	12/31/02	20.55	18.97	17.66	16.55	15.61	14.80	14.09	
1/1/03	12/31/03	21.69	20.02	18.64	17.47	16.47	15.61	14.86	
1/1/04	12/31/04	22.89	21.13	19.67	18.43	17.38	16.47	15.68	
1/1/05	12/31/05	24.16	22.30	20.75	19.45	18.34	17.38	16.55	

ISSUED BY: G.F. Anderson, President

DATE EFFECTIVE: May 25, 1990

**Option B - Variable Value of Deferral** - Payment schedules under this option are also based on the value of a year-by-year deferral of the Statewide Avoided Unit with an in-service date of January 1, 1996. Once this option is selected, the Statewide Avoided Unit designation and its in-service date shall remain fixed for the term of the "Standard Offer Contract". The value of deferral, however, shall be recalculated annually and the payment schedule shall be adjusted, upon approval by the FPSC, to reflect the most recent factors affecting the cost of constructing the Statewide Avoided Unit. The Qualifying Facility shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start pursuant to this option.

The methodology used to determine the level of payment each year is the same as that used in Option A of this schedule and is described in Appendix A. For informational purposes only, the current projection of payments are those contained in Option A on the previous sheet.

**Option C - Average Embedded Book Cost of Fossil Steam Production Plant-**  
Monthly capacity payments made under this option shall be based on the Company's current average embedded book cost of fossil steam production plant approved by the FPSC and in effect in the year in which payment is made.

The following monthly payment schedule is provided for informational purposes only. It reflects the Company's current projection of payments.

<u>Projected Monthly Capacity Payment Rate \$/Kw/Month</u>								
<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
6.41	6.46	6.58	6.72	6.85	7.11	7.29	7.44	7.73
<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>		
7.83	8.31	8.48	9.25	9.44	13.48	13.75		

**B. Energy Rates**

- 1) Payments Prior to January 1, 1996: The energy rate in cents per kilowatt-hour (¢/KWH) shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable variable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. When economy transactions take place, the incremental costs are calculated after the purchase or before the sale of the economy energy.

The calculation of payments to the Qualifying Facility shall be based on the sum, over all hours of the billing period, of the product of each hour's avoided energy cost times the purchases by the Company for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.



- 2) Payments Starting on January 1, 1996: The firm energy rate in cents per kilowatt-hour ( $\$/KWH$ ), shall be the lesser of an hour-by-hour comparison of: a) the Company's as-available avoided energy costs calculated in accordance with Rule 25-17.0825 F.A.C.; and b) the Statewide Avoided Unit fuel cost. The Statewide Avoided Unit Fuel Cost, in cents per kilowatt hour ( $\$/KWh$ ) shall be based on: a) the average monthly inventory charge-out price of coal burned at the St. Johns River Power Park, in cents per million Btu; and b) an average annual heat rate of .00979 million Btu per kilowatt hour.

Calculation of payments to the Qualifying Facility shall be based on the sum, over all hours of the billing period, of the product of each hour's avoided energy cost times the energy purchased by the Company for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

The estimated average fuel costs associated with the Statewide Avoided Unit are as follows:

	<u>¢/KWH</u>								
<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	
2.10	2.21	2.34	2.47	2.62	2.74	2.84	3.02	3.19	
<u>2005</u>									
3.38									

**PERFORMANCE CRITERIA**

Payments for Firm capacity are conditioned on the Qualifying Facility's ability to maintain the following performance criteria:

**A) Commercial In-Service Date**

Capacity payments shall not commence until the Qualifying Facility has attained and demonstrated commercial in-service status. The commercial in-service date of a Qualifying Facility shall be defined as the first day of the month following the successful completion of the Qualifying Facility maintaining an hourly kilowatt (KW) output, as metered at the point of interconnection with the Company, equal to or greater than the Qualifying Facility's "Standard Offer Contract" committed capacity for a 24 hour period. A Qualifying Facility shall coordinate the operation of its facility during this test period with the Company to insure that the performance of its facility during this 24 hour period is reflective of the anticipated day to day operation of the Qualifying Facility.

**B) Capacity Factor**

Upon achieving commercial in-service status, payments for Firm Capacity shall be made monthly in accordance with the capacity payment rate option selected by the Qualifying Facility and subject to the provision that the Qualifying Facility maintains a 70% capacity factor on a 12 month rolling average basis as defined in Appendix A. Failure to achieve this capacity factor shall result in the Qualifying Facility's forfeiture of payments for Firm Capacity during the month in which such failure occurs. Where early capacity payments have been elected and starting with the month of January 1996, failure of a Qualifying Facility to maintain a 70% capacity factor on a 12 month rolling average basis shall also result in payments by the Qualifying Facility to the Company. The amount of such payments shall be equal of the difference between: 1) what the Qualifying Facility would have been paid had it elected the normal payment option starting January 1, 1996; and 2) what it would have been paid pursuant to the early payment option had it maintained the capacity factor performance criteria.

All capacity payments made by the Company prior to January 1, 1996 are considered "early payments". The owner or operator of the Qualifying Facility, as designated by the Company, shall secure its obligation to repay, with interest, the cumulative amount of early capacity payments in the event the Qualifying Facility defaults under the terms of its "Standard Offer Contract" with the Company. The Company will provide monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is discussed in Appendix A.

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

	<u>Value</u>
Where, for one year deferral:	
$VAC_m$ = utility's value of avoided capacity, in dollars per kilowatt per month, during month m;	<u>14.87</u>
$C$ = a constant risk multiplier for the purpose of the utility's standard offer contract;	<u>0.8</u>
$K$ = present value of carrying charge for one dollar of investment over $L$ years with carrying charges assumed to be paid at the end of each year;	<u>1.572</u>
$I_n$ = total direct and indirect costs, in dollars per kilowatt including AFUDC but excluding CWIP, of the statewide avoided unit with an in-service date of year $n$ ;	<u>1689</u>
$O_n$ = total first year's fixed and variable operating and maintenance expenses, less fuel in dollars per kilowatt per year, of the statewide avoided unit deflated to the beginning of year $n$ by $i_0$ ;	<u>72.99</u>
$i_p$ = annual escalation rate associated with the plant cost of the statewide avoided unit;	<u>5.6%</u>
$i_o$ = annual escalation rate associated with the operation and maintenance expenses of the statewide avoided unit;	<u>5.40%</u>
$r$ = annual discount rate, defined as the utility's incremental after tax cost of capital;	<u>10.18%</u>
$L$ = expected life of the statewide avoided unit; and	<u>30</u>
$n$ = year for which the statewide avoided unit is deferred starting with its originally anticipated in-service date and ending with the termination of the contract for the purchase of firm energy and capacity;	<u>1996</u>

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

	<u>Value</u>
$A_m$ = monthly avoided capital cost component of capacity payments to be made to the Qualifying Facility starting as early as six years prior to the anticipated in-service date of statewide avoided unit, in dollars per kilowatt per month;	<u>3.49</u>
$i_p$ = annual escalation rate associated with the plant cost of the statewide avoided unit;	<u>5.6%</u>
$n$ = year for which early capacity payments to a qualifying facility are made;	<u>1990</u>
$F$ = assuming the six year early payment option (1990), the cumulative present value of the avoided capital cost component of capacity payments which would have been paid had capacity payments commenced with the anticipated in-service date of the statewide avoided unit. Other option years will change the value of $F$ (1990 \$);	<u>570.31</u>
$r$ = annual discount rate, defined as the utility's incremental after tax cost of capital; and	<u>10.18%</u>
$t$ = the term, in years, of the contract for the purchase of firm capacity commencing prior to the in-service date of the statewide avoided unit, and commencing with the year in which the Qualifying Facility elects to receive early capacity payments.	<u>16</u>

EXAMPLE CALCULATION OF  
 MONTHLY CAPACITY PAYMENTS RATE \$/KW/MONTH  
 FOR PURCHASE OF FIRM CAPACITY FROM  
 SOLID WASTE FACILITIES  
 ELECTING THE STANDARD OFFER CONTRACT  
 SCHEDULE COG-2  
 APPENDIX D

UNIT TYPE: 500 MW COAL UNIT (IN-SERVICE 1996)  
 NO RISK FACTOR; LEVELIZED CAPITAL; EARLY O&M  
 AVOIDED CAPACITY PAYMENT (\$/KW/MO)

CONTRACT YEAR		LEVELIZED PAYMENT OPTION STARTING	EARLY PAYMENT OPTION STARTING						
FROM	TO		1/1/96	1/1/95	1/1/94	1/1/93	1/1/92	1/1/91	1/1/90
1/1/97	12/31/90	-	-	-	-	-	-	-	9.26
1/1/91	12/31/91	-	-	-	-	-	-	10.53	9.38
1/1/92	12/31/92	-	-	-	-	12.03	10.68	10.68	9.51
1/1/93	12/31/93	-	-	-	13.80	12.20	10.83	10.83	9.65
1/1/94	12/31/94	-	-	15.93	14.00	12.37	10.98	10.98	9.80
1/1/95	12/31/95	-	18.49	16.15	14.20	12.55	11.15	11.15	9.95
1/1/96	12/31/96	21.64	18.76	16.39	14.41	12.75	11.33	11.33	10.11
1/1/97	12/31/97	21.95	19.03	16.64	14.64	12.95	11.51	11.51	10.28
1/1/98	12/31/98	22.28	19.33	16.90	14.87	13.16	11.71	11.71	10.46
1/1/99	12/31/99	22.63	19.64	17.18	15.12	13.39	11.91	11.91	10.65
1/1/00	12/31/00	23.00	19.97	17.47	15.39	13.63	12.13	12.13	10.84
1/1/01	12/31/01	23.39	20.31	17.78	15.66	13.88	12.36	12.36	11.05
1/1/02	12/31/02	23.80	20.67	18.10	15.96	14.15	12.60	12.60	11.28
1/1/03	12/31/03	24.23	21.05	18.44	16.27	14.43	12.86	12.86	11.51
1/1/04	12/31/04	24.68	21.46	18.80	16.59	14.72	13.13	13.13	11.75
1/1/05	12/31/05	25.16	21.88	19.18	16.93	15.03	13.41	13.41	12.01

kilowatts (KW) of electric power at an 85% power factor, such equipment being hereinafter referred to as the "Facility."

2. Term of the Agreement

This Agreement shall begin immediately upon its execution by the parties and shall end at 12:01 a.m., \_\_\_\_\_, 19\_\_\_\_\_.

Notwithstanding the foregoing if construction and commercial operation of the Facility are not accomplished by QF before January 1, 1996, this Agreement shall be rendered of no force and effect.

3. Sale of Electricity by QF.

Tampa Electric agrees to purchase all of the electric power generated at the Facility and transmitted to Tampa Electric by QF, less the amount of electric power consumed by the QF's generator auxiliaries. The purchase and sale of electricity pursuant to this Agreement shall be construed as a ( ) Net Billing Arrangement or ( ) Simultaneous Purchase and Sale Arrangement. The billing methodology may be changed at the option of the QF, subject to the following provisions:

- (a) not more frequently than once every twelve months;
- (b) to coincide with the next Fuel and Purchased Power Cost Recovery Factor billing period;
- (c) upon at least thirty days advance written notice to Tampa Electric;
- (d) upon the installation of any additional metering equipment reasonably required to effect the change in billing and upon payment by the QF for such metering equipment and its installation;

DATE EFFECTIVE: May 25, 1990

as may be amended from time to time. Prior to January 1, 1993 QF will receive energy payments based on Tampa Electric's actual avoided energy costs. After January 1, 1996 QF's energy payments will be based on the lesser of Tampa Electric's actual avoided energy costs or the fuel cost of the Statewide Avoided Unit as defined in COG-2, such comparison to be made hourly.

#### 4.2 Capacity

4.2.1 Anticipated Committed Capacity. QF expects to sell approximately \_\_\_\_\_ MW or \_\_\_\_\_ KW of capacity, beginning on or about \_\_\_\_\_, 19\_\_\_\_.

QF may finalize its Committed Capacity after initial Facility testing, and specify when capacity payments are to begin, by completing Paragraph 4.2.2 at a later time. However, QF must complete Paragraph 4.2.2 by January 1, 1994 in order to be entitled to any capacity payments pursuant to this Agreement.

4.2.2 Actual Committed Capacity. The capacity committed by QF for purposes of this Agreement is \_\_\_\_\_ MW or \_\_\_\_\_ KW. QF elects to receive, and Tampa Electric agrees to commence calculating, capacity payments in accordance with this Agreement starting with the first billing month following \_\_\_\_\_, 19\_\_\_\_.

4.2.3 Capacity Payments. QF chooses to receive capacity payments from Tampa Electric under Option \_\_\_\_\_ of Rate Schedule COG-2.

At the end of each billing month, beginning with the billing month specified in Paragraph 4.2.2, Tampa Electric will calculate the most recent twelve month rolling average capacity factor for such month based on QF's Committed Capacity. If the capacity factor thus calculated is 70% or more, then Tampa Electric agrees to pay QF a capacity payment that is the product of QF's Committed Capacity and the applicable rate from QF's chosen capacity payment option.

DATE EFFECTIVE: May 25, 1990



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

5. Electricity Production Schedule

During the term of this Agreement, QF agrees to:

(a) Provide Tampa Electric prior to October 1 of each calendar year an estimate of the amount of electricity generated by the Facility and delivered to Tampa Electric for each month of the following calendar year, including the time, duration and magnitude of any planned outages or reductions in capacity;

(b) Promptly update the yearly generation schedule and maintenance schedule as and when any changes may be determined necessary;

(c) Comply with reasonable requirements of Tampa Electric regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement.

6. QF's Obligation if QF Receives Early Capacity Payments

The QF's payment option choice pursuant to paragraph 4.2.3 may result in payment by Tampa Electric for capacity delivered prior to January 1, 1996. The parties recognize that capacity payments paid through December 31, 1995, are in the nature of "early payment" for a future capacity benefit to Tampa Electric. To ensure that Tampa Electric will receive a capacity benefit for which early capacity payments have been made, or alternatively, that the QF will repay the amount of early payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:

DATE EFFECTIVE: May 25, 1990

TAMPA ELECTRIC COMPANY

THIRD REVISED SHEET NO. 8.410  
CANCELS SECOND REVISED SHEET NO. 8.410

Tampa Electric shall establish a Capacity Account. Amounts shall be credited to the Capacity Account each month through December 1995, in the amount of Tampa Electric's capacity payments made to the QF pursuant to QF's chosen payment option from Rate Schedule COG-2. The monthly balance in the Capacity Account shall accrue interest at an annual rate of 10.18%. Commencing on January 1, 1996, there shall be debited from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which Tampa Electric would have paid for capacity in that month if capacity payment had been calculated pursuant to Option A in Rate Schedule COG-2 and the QF had elected to begin receiving payment on January 1, 1996 minus the monthly capacity payment Tampa Electric makes to QF pursuant to the capacity option chosen by QF in paragraph 4.2.3.

The QF shall owe Tampa Electric and be liable for the credit balance in the Capacity Account. Tampa Electric agrees to notify QF monthly as to the current Capacity Account balance. Prior to receipt of advance capacity payments the QF shall execute a promise to repay any credit balance in the Capacity Account in the event the QF defaults pursuant to this Agreement. Such promise shall be secured by means mutually acceptable to the Parties and in accordance with the provisions of Rate Schedule COG-2. The specific repayment assurance selected for purposes of this Agreement is: \_\_\_\_\_

The total Capacity Account shall immediately become due and payable in the event of default by the QF. The QF's obligation to pay the credit balance in the Capacity Account shall survive termination of this Agreement.

DATE EFFECTIVE: May 25, 1990

**7. Nonperformance Provisions**

QF shall not receive a capacity payment during any month in which the twelve months rolling average of the QF's capacity factor does not equal or exceed 70% as defined in Rate Schedule COG-2. In addition, if for any month after January 1, 1996, the QF fails to achieve a 70% capacity factor on a 12-month rolling average basis and the QF has received capacity payments prior to January 1, 1996, the QF shall be liable for and shall pay Tampa Electric an amount equal to the Early Payment Offset Amount for the month; provided, however, that such calculation shall assume that the QF achieved a 70% capacity factor. Any payments thus required of QF shall be separately invoiced by Tampa Electric to QF after each month for which such repayment is due and shall be paid by QF within 20 business days after receipt of such invoice by QF. Such repayment shall be debited from the Capacity Amount as an Early Payment Offset Amount.

In no event shall the QF repay to Tampa Electric for nonperformance such amounts which exceed the current credit balance in the Capacity Account.

**8. Default**

**8.1 Mandatory Default.** The QF shall be in default under this Agreement if: (1) the QF voluntarily declares bankruptcy, or (2) the QF ceases all electric generation for 12 consecutive months.

**8.2 Optional Default.** Tampa Electric may declare the QF to be in default: (1) if at any time prior to January 1, 1996, and after capacity payments have begun, Tampa Electric has sufficient reason to believe that the QF is unable to deliver its Committed Capacity, or (2) after January 1, 1996 the QF fails to maintain a 70% capacity factor on a 12-month rolling average basis for 24 consecutive months,

DATE EFFECTIVE: May 25, 1990

or (3) because of a QF's refusal, inability or anticipatory breach of obligation to deliver its Committed Capacity after January 1, 1996.

**8.3 Default Remedy.** Once this contract is declared to be in default, upon written notice to the QF, the then current value of the Capacity Account shall be paid to Tampa Electric.

**9. General Provisions**

**9.1 Permits.** QF hereby agrees to seek to obtain any and all governmental permits, certifications, or other authority QF is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement. Tampa Electric hereby agrees to seek to obtain any and all governmental permits, certifications or other authority Tampa Electric is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement.

**9.2 Indemnification.** QF agrees to indemnify and save harmless Tampa Electric, its subsidiaries, and their respective employees, officers, and directors against any and all liability, loss, damage, costs or expense which Tampa Electric, its subsidiaries, and their respective employees, officers and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of QF in performing its obligations pursuant to this Agreement or QF's failure to abide by the provisions of this Agreement. Tampa Electric agrees to indemnify and save harmless QF against any and all liability, loss, damage, costs or expenses which QF may hereafter incur, suffer or be required to pay by reason of negligence on the part of Tampa Electric in performing its obligations pursuant to this Agreement or Tampa Electric's failure to abide by the provisions of this Agreement. QF agrees to include Tampa Electric as an additional insured in any

DATE EFFECTIVE: May 25, 1990