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FILE COPY

Matthew M. Childs, P.A.

July 19, 1996

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

RE: DOCKET NO. 960001-EI

Dear Ms. Bayó:

Enclosed for filing please find the original and fifteen (15) copies of Florida Power & Light Company's Tariff Sheets Nos. 10.101, 10.103, 10.204, and 10.206, which provide updated projections of avoided energy costs for purchases from small power producers and cogenerators and updated ten year projections of FPL's annual generation index and fuel prices. Additionally, one set of these tariff sheets are provided in legislative format.

These tariff sheets were inadvertently omitted from the filing on June 24, 1996.

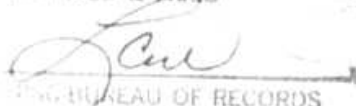
Very truly yours,



Matthew M. Childs, P.A.

ACK \_\_\_\_\_  
MM \_\_\_\_\_  
CWF \_\_\_\_\_  
CMM \_\_\_\_\_  
EFG 5-Bass  
LW 1  
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SLS 1 MMC:ml  
WAS \_\_\_\_\_ Enclosures  
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cc: All Parties of Record

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FPC-RECORDS/REPORTING

**CERTIFICATE OF SERVICE**  
**DOCKET NO. 960001-EI**

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Tariff Sheets Nos. 10.101, 10.103, 10.204 and 10.206 has been furnished by Hand Delivery,\*\* or U.S. Mail this 19th day of July, 1996, to the following:

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Matthew M. Childs, P.A.

(Continued from Sheet No. 10.100)

ESTIMATED AS-AVAILABLE AVOIDED ENERGY COST

For informational purposes only, the estimated incremental As-Available Energy costs for the next four semi-annual periods are as follows. In addition, As-Available Energy cost payments will include .0013¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
October 1, 1996- March 31, 1997	2.27	2.10	2.14
April 1, 1997 - September 30, 1997	2.64	2.37	2.44
October 1, 1997 - March 31, 1998	2.41	2.21	2.26
April 1, 1998 - September 30, 1998	2.76	2.49	2.56
October 1, 1998 - March 31, 1999	2.46	2.22	2.28
April 1, 1999 - September 30, 1999	2.97	2.53	2.65

A MW block size ranging from 28 MW to 76 MW has been used to calculate the estimated As-Available Energy cost.

DELIVERY VOLTAGE ADJUSTMENT

The Company's actual hourly As-Available Energy costs shall be adjusted according to the delivery voltage by the following multipliers:

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0195
Secondary Voltage Delivery	1.0420

For informational purposes the Company's projected annual generation mix and fuel prices are as follows:

PROJECTED ANNUAL GENERATION MIX AND FUEL PRICES

Year	Generation by Fuel Type (%)						Price by Fuel Type (\$/MMBTU)				
	Nuclear	Oil	Gas	Coal	Purchased Power	Ori*	Nuclear	Oil	Gas	Coal	Ori*
1996	26	20	27	8	19		.47	2.63	1.96	1.69	
1997	26	14	33	8	19		.44	2.68	1.75	1.70	
1998	25	15	33	8	19		.44	2.49	1.78	1.72	
1999	26	9	31	7	17	10	.45	2.83	1.83	1.74	1.65
2000	25	9	29	7	18	12	.46	3.01	1.91	1.74	1.64
2001	25	10	28	6	18	12	.47	3.18	2.02	1.79	1.68
2002	24	12	28	7	18	11	.48	3.36	2.13	1.82	1.71
2003	23	12	27	7	19	12	.49	3.49	2.25	1.86	1.70
2004	23	12	28	6	19	12	.50	3.65	2.38	1.90	1.74
2005	23	13	29	6	18	11	.50	3.83	2.51	1.94	1.80

\*Orimulsion

NOTE: The Company's forecasts are for illustrative purposes, and are subject to frequent revision. Amounts may not add to 100% due to rounding.

(Continued on Sheet No. 10.102)

Issued by: P. J. Evanson, President  
Effective:

(Continued from Sheet No. 10.102)

Customer Rate Schedule	Charge(\$)	Customer Rate Schedule	Charge(\$)
GS-1	9.00	CST-1	110.00
GST-1	12.30	GSLD-2	170.00
GSD-1	35.00	GSLDT-2	170.00
GSDT-1	41.50	CS-2	170.00
RS-1	5.65	CST-2	170.00
RST-1	8.95	GSLD-3	400.00
GSLD-1	41.00	CS-3	400.00
GSLDT-1	41.00	CST-3	400.00
CS-1	110.00	GSLDT-3	400.00

**B. Interconnection Charge for Non-Variable Utility Expenses:**

The Qualifying Facility shall bear the cost required for interconnection, including the metering. The Qualifying Facility shall have the option of (i) payment in full for the interconnection costs upon completion of the interconnection facilities (including the time value of money during the construction) and providing a surety bond, letter of credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection costs, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than thirty-six (36) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for the thirty (30) days highest grade commercial paper rate, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the Qualifying Facility.

**C. Interconnection Charge for Variable Utility Expenses:**

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

In lieu of payments for actual charges, the Qualifying Facility may pay a monthly charge equal to a percentage of the installed cost of the interconnection facilities necessary for the sale of energy to the Company. The applicable percentages are as follows:

Equipment Type	Charge
Metering Equipment	0.237%
Distribution Equipment	0.285%
Transmission Equipment	0.130%

**D. Taxes and Assessments**

The Qualifying Facility shall be billed monthly an amount equal to any taxes, assessments or other impositions, for which the Company is liable as a result of its purchases of As-Available Energy produced by the Qualifying Facility. In the event the Company receives a tax benefit as a result of its purchases of As-Available Energy produced by the Qualifying Facility, the Qualifying Facility shall be entitled to a refund in an amount equal to such benefit.

**TERMS OF SERVICE**

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

(Continued on Sheet No. 10.104)

(Continued from Sheet No. 10.203)

**(2) Payments Starting on January 1, 1997:**

The firm energy rate, in cents per kilowatt-hour (¢/kWh), shall be the following on an hour-by-hour basis: (a) to the extent that FPL's Avoided Unit would have operated, the Company's Avoided Unit Fuel Cost (as defined below), and (b) to the extent that the Company's Avoided Unit would not have been operated, the Company's as-available avoided energy costs calculated by the Company in accordance with Rule 25-17.0825, F.A.C., and FPL's Rate Schedule COG-1, as they may each be amended from time to time. The Company's Avoided Unit Fuel Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the average monthly inventory charge-out price of coal burned at the St. Johns River Power Park (as can be calculated from the Company's Fuel Cost Recovery A-3 Schedule) with an appropriate adjustment for delivery to the Martin site in cents per million Btu, (b) an average annual heat rate of 8.42 million Btu per megawatt-hour based on the 1997 907 MW Company IGCC Avoided Unit, and (c) an additional .139 cents per kilowatt-hour in mid-1990 \$ for variable operation and maintenance expenses which will be escalated based on the actual Consumer Price Index.

Calculations of payments to the QF 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. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the QF is located. Energy payments to QFs located outside the Company's service territory reflect the region in which the interchange point for the delivery of energy is located.

**ESTIMATED AS-AVAILABLE ENERGY COST**

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. In addition, avoided energy cost payments will include .0013¢/kWh for variable operation and maintenance expenses.

<u>Applicable Period</u>	<u>On-Peak ¢/KWH</u>	<u>Off-Peak ¢/KWH</u>	<u>Average ¢/KWH</u>
October 1, 1996 - March 31, 1997	2.27	2.10	2.14
April 1, 1997 - September 30, 1997	2.64	2.37	2.44
October 1, 1997 - March 31, 1998	2.41	2.21	2.26
April 1, 1998 - September 30, 1998	2.76	2.49	2.56
October 1, 1998 - March 31, 1999	2.46	2.22	2.28
April 1, 1999 - September 30, 1999	2.97	2.53	2.65

A MW block size ranging from 28 MW to 76 MW has been used to calculate the estimated avoided energy cost.

**ESTIMATED FIRM ENERGY COST**

The estimated avoided fuel costs listed below are associated with the Company's Avoided Unit and are based on current estimates of the delivered price of coal to the St. Johns River Power Park coal-fired units.

<u>\$/MMBTU</u>									
<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1.62	1.64	1.64	1.67	1.69	1.70	1.74	1.78	1.76	1.80

**DELIVERY VOLTAGE ADJUSTMENT**

Energy payments to the QFs within the Company's service territory shall be adjusted according to the delivery voltage by the following multipliers:

<u>Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0195
Secondary Voltage Delivery	1.0420

(Continued on Sheet No. 10.205)

(Continued from Sheet No. 10.205)

**B. Interconnection Charge for Non-Variable Utility Expenses**

The QF shall bear the cost required for interconnection, including the metering. The QF shall have the option of (i) payment in full for the interconnection costs including the time value of money during the construction of the interconnection facilities and providing a surety bond, letter of credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than thirty-six (36) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for thirty (30) day highest grade commercial paper, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the QF.

**C. Interconnection Charge for Variable Utility Expenses**

The QF shall be billed monthly for the variable utility expenses associated with the operation and maintenance of the interconnection facilities. These include (a) the Company's inspections of the interconnection facilities and (b) maintenance of any equipment beyond that which would be required to provide normal electric service to the QF if no sales to the Company were involved.

In lieu of payment for actual charges, the QF may pay a monthly charge equal to a percentage of the installed cost of the interconnection facilities. The applicable percentages are as follows:

<u>Equipment Type</u>	<u>Charge</u>
Metering Equipment	0.237%
Distribution Equipment	0.285%
Transmission Equipment	0.130%

**D. Taxes and Assessments**

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from the Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's early, levelized or early levelized capacity payments to the QF are not fully deductible when paid (additional tax liability), FPL may bill the QF monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these early, levelized or early levelized capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due the QF hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire early, levelized or early levelized capacity payments had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.

**TERMS OF SERVICE**

- (1) It shall be the QF's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to a QF located in the Company's service area shall be subject to the following terms and conditions:
  - (a) A QF shall be metered separately and billed under the applicable retail rate schedule, whose terms and conditions shall pertain.
  - (b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:
    - (i) In the first year of operation, the security deposit should be based upon the singular month in which the QF's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QF. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
    - (ii) For each year thereafter, a review of the actual sales and purchases between the QF and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QF exceed the actual sales to the Company in that month.

(Continued on Sheet No. 10.207)



(Continued from Sheet No. 10.100)

**ESTIMATED AS-AVAILABLE AVOIDED ENERGY COST**

For informational purposes only, the estimated incremental As-Available Energy costs for the next four semi-annual periods are as follows. In addition, As-Available Energy cost payments will include .003513¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
October 1, 1995 <del>6</del> - March 31, 1996 <del>7</del>	2.1327	1.97210	2.0414
April 1, 1996 <del>7</del> - September 30, 1996 <del>7</del>	2.5764	2.2917	2.3644
October 1, 1996 <del>7</del> - March 31, 1997 <del>8</del>	2.2741	2.0821	2.1326
April 1, 1997 <del>8</del> - September 30, 1997 <del>8</del>	2.786	2.432	2.526
October 1, 1998 - March 31, 1999	2.46	2.22	2.28
April 1, 1999 - September 30, 1999	2.97	2.53	2.65

A MW block size ranging from 2528 MW to 5576 MW has been used to calculate the estimated As-Available Energy cost.

**DELIVERY VOLTAGE ADJUSTMENT**

The Company's actual hourly As-Available Energy costs shall be adjusted according to the delivery voltage by the following multipliers:

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0204195
Secondary Voltage Delivery	1.044720

For informational purposes the Company's projected annual generation mix and fuel prices are as follows:

**PROJECTED ANNUAL GENERATION MIX AND FUEL PRICES**

Year	Generation by Fuel Type (%)					Price by Fuel Type (\$/MMBTU)				
	Nuclear	Oil	Gas	Coal	Purchased Power On*	Nuclear	Oil	Gas	Coal	On*
1995	27.5	14.9	30.6	8.6	18.4	.53	2.30	2.26	1.65	
1996	26.626	13.620	31.027	7.88	21.012	.467	2.4663	2.43196	1.672	
1997	25.626	14.914	30.933	8.38	21.212	.454	2.5968	2.55175	1.70	
1998	24.025	9.615	28.533	8.48	29.712	40.4	.474	2.7342	2.73178	1.742 1.64
1999	25.326	8.59	26.831	8.47	29.917	44.310	.465	2.9483	2.85183	1.774 1.65
2000	23.825	10.72	26.622	9.07	30.418	9.612	.46	3.081	3.07191	1.784 1.7264
2001	24.425	11.010	25.428	8.56	29.518	11.512	.457	3.2218	3.20202	1.8472 1.7668
2002	23.524	12.612	24.828	9.27	29.818	10.011	.468	3.3936	3.50213	1.862 1.741
2003	23.423	13.312	24.427	9.47	29.512	11.312	.462	3.5642	3.73225	1.9086 1.730
2004	22.623	14.812	24.328	8.76	28.912	10.612	.4750	3.7365	3.94238	1.960 1.774
2005	23	13	22	6	18	11	.50	3.83	2.51	1.94 1.80

\*Orimulsion

NOTE: The Company's forecasts are for illustrative purposes, and are subject to frequent revision. Amounts may not add to 100% due to rounding.

(Continued on Sheet No. 10.102)

(Continued from Sheet No. 10.102)

Customer Rate Schedule	Charge(\$)	Customer Rate Schedule	Charge(\$)
GS-1	9.00	CST-1	110.00
GST-1	12.30	GSLD-2	170.00
GSD-1	35.00	GSLDT-2	170.00
GSDT-1	41.50	CS-2	170.00
RS-1	5.65	CST-2	170.00
RST-1	8.95	GSLD-3	400.00
GSLD-1	41.00	CS-3	400.00
GSLDT-1	41.00	CST-3	400.00
CS-1	110.00	GSLDT-3	400.00

**B. Interconnection Charge for Non-Variable Utility Expenses:**

The Qualifying Facility shall bear the cost required for interconnection, including the metering. The Qualifying Facility shall have the option of (i) payment in full for the interconnection costs upon completion of the interconnection facilities (including the time value of money during the construction) and providing a surety bond, letter of credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection costs, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than thirty-six (36) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for the thirty (30) days highest grade commercial paper rate, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the Qualifying Facility.

**C. Interconnection Charge for Variable Utility Expenses:**

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

In lieu of payments for actual charges, the Qualifying Facility may pay a monthly charge equal to a percentage of the installed cost of the interconnection facilities necessary for the sale of energy to the Company. The applicable percentages are as follows:

<u>Equipment Type</u>	<u>Charge</u>
Metering Equipment	0.237%
Distribution Equipment	0.225285%
Transmission Equipment	0.1340%

**D. Taxes and Assessments**

The Qualifying Facility shall be billed monthly an amount equal to any taxes, assessments or other impositions, for which the Company is liable as a result of its purchases of As-Available Energy produced by the Qualifying Facility. In the event the Company receives a tax benefit as a result of its purchases of As-Available Energy produced by the Qualifying Facility, the Qualifying Facility shall be entitled to a refund in an amount equal to such benefit.

**TERMS OF SERVICE**

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

(Continued on Sheet No. 10.104)



(Continued from Sheet No. 10.203)

(2) Payments Starting on January 1, 1997:

The firm energy rate, in cents per kilowatt-hour (¢/kWh), shall be the following on an hour-by-hour basis: (a) to the extent that FPL's Avoided Unit would have operated, the Company's Avoided Unit Fuel Cost (as defined below), and (b) to the extent that the Company's Avoided Unit would not have been operated, the Company's as-available avoided energy costs calculated by the Company in accordance with Rule 25-17.0825, F.A.C., and FPL's Rate Schedule COG-1, as they may each be amended from time to time. The Company's Avoided Unit Fuel Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the average monthly inventory charge-out price of coal burned at the St. Johns River Power Park (as can be calculated from the Company's Fuel Cost Recovery A-3 Schedule) with an appropriate adjustment for delivery to the Martin site in cents per million Btu; (b) an average annual heat rate of 8.42 million Btu per megawatt-hour based on the 1997 907 MW Company IGCC Avoided Unit; and (c) an additional .139 cents per kilowatt-hour in mid-1990 \$ for variable operation and maintenance expenses which will be escalated based on the actual Consumer Price Index.

Calculations of payments to the QF 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. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the QF is located. Energy payments to QFs located outside the Company's service territory reflect the region in which the interchange point for the delivery of energy is located.

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. In addition, avoided energy cost payments will include .003513¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
October 1, 1995 <del>6</del> - March 31, 1996 <del>7</del>	2.4327	1.97210	2.0414
April 1, 1996 <del>7</del> - September 30, 1996 <del>7</del>	2.6764	2.2937	2.3644
October 1, 1996 <del>7</del> - March 31, 1997 <del>8</del>	2.2741	2.0821	2.1326
April 1, 1997 <del>8</del> - September 30, 1997 <del>8</del>	2.786	2.432	2.526
October 1, 1998 - March 31, 1999	2.46	2.22	2.28
April 1, 1999 - September 30, 1999	2.97	2.53	2.65

A MW block size ranging from 2528 MW to 4576 MW has been used to calculate the estimated avoided energy cost.

ESTIMATED FIRM ENERGY COST

The estimated avoided fuel costs listed below are associated with the Company's Avoided Unit and are based on current estimates of the delivered price of coal to the St. Johns River Power Park coal-fired units.

<u>\$/MMBTU</u>										
1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1.61	1.632	1.664	1.7464	1.7767	1.7569	1.780	1.8074	1.8478	1.9476	1.80

DELIVERY VOLTAGE ADJUSTMENT

Energy payments to the QFs within the Company's service territory shall be adjusted according to the delivery voltage by the following multipliers.

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0204125
Secondary Voltage Delivery	1.044720

(Continued on Sheet No. 10.205)

(Continued from Sheet No. 10.205)

**B. Interconnection Charge for Non-Variable Utility Expenses**

The QF shall bear the cost required for interconnection, including the metering. The QF shall have the option of (i) payment in full for the interconnection costs including the time value of money during the construction of the interconnection facilities and providing a surety bond, letter of credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than thirty-six (36) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for thirty (30) day highest grade commercial paper, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the QF.

**C. Interconnection Charge for Variable Utility Expenses**

The QF shall be billed monthly for the variable utility expenses associated with the operation and maintenance of the interconnection facilities. These include (a) the Company's inspections of the interconnection facilities and (b) maintenance of any equipment beyond that which would be required to provide normal electric service to the QF if no sales to the Company were involved.

In lieu of payment for actual charges, the QF may pay a monthly charge equal to a percentage of the installed cost of the interconnection facilities. The applicable percentages are as follows:

<u>Equipment Type</u>	<u>Charge</u>
Metering Equipment	0.237%
Distribution Equipment	0.325285%
Transmission Equipment	0.1310%

**D. Taxes and Assessments**

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from the Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's early, levelized or early levelized capacity payments to the QF are not fully deductible when paid (additional tax liability), FPL may bill the QF monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these early, levelized or early levelized capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due the QF hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire early, levelized or early levelized capacity payments had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.

**TERMS OF SERVICE**

- (1) It shall be the QF's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to a QF located in the Company's service area shall be subject to the following terms and conditions:
  - (a) A QF shall be metered separately and billed under the applicable retail rate schedule, whose terms and conditions shall pertain.
  - (b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:
    - (i) In the first year of operation, the security deposit should be based upon the singular month in which the QF's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QF. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
    - (ii) For each year thereafter, a review of the actual sales and purchases between the QF and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QF exceed the actual sales to the Company in that month.

(Continued on Sheet No. 10.207)