Florida Power
A Progress Energy Company

ASSOCIATE GENERAL COUNSEL

JAMES A. MCGEE

April 1, 2002

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

020295-EQ

Re: Petition of Florida Power Corporation for approval of a standard offer contract based on a 2005 combined cycle avoided unit.

Dear Ms. Bayó:

Enclosed for filing are an original and fifteen copies of the subject petition and the petitions for waiver of Rule 25-17.0832(4)(e)5 and Rule 25-17.0832(4)(e)7.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect and Word format. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

JAM/scc
Enclosure

100 Central Avenue • Post Office Box 14042 • St. Petersburg, Florida 33733-4042
Phone: 727.820.5184 • Fax: 727.820.5519 • Email: james.mcgee@pgnmail.com

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power Corporation for approval of a standard offer contract based on a 2005 combined cycle avoided unit.	Docket No. __________ Submitted for filing: April 2, 2002

PETITION

Florida Power Corporation ("Florida Power" or "the Company"), pursuant to Section 366.051, F.S., and Rule 25-17.0832(4), F.A.C., hereby petitions the Florida Public Service Commission ("the Commission") for approval the Standard Offer Contract and accompanying Rate Schedule COG-2 attached hereto in standard format as Exhibit A and in legislative format as Exhibit B. In support of this petition, Florida Power submits the following:

1. Florida Power is a public utility subject to the jurisdiction of the Florida Public Service Commission ("Commission") under Chapter 366, F.S.

2. All notices, pleadings and correspondence required to be served on the petitioner should be directed to:

James A. McGee, Esquire
Post Office Box 14042
St. Petersburg, FL 33733-4042
Facsimile: (727) 820-5519

For express deliveries by private courier, the address is:

100 Central Avenue
St. Petersburg, FL 33701

3. The Standard Offer Contract and accompanying Rate Schedule COG-2 are consistent with all of the Commission's rules governing standard offer contracts and tariffs (Rule 25-17.0832(4)-(6), F.A.C.), except that the contract provides for a term of five years. Accordingly, concurrent with the filing of this petition, Florida Power has filed a petition for a waiver of the requirement in Rule 25-17.0832(4)(e)7, F.A.C., that standard offer contracts have a minimum term of ten years.

4. Also concurrent with the filing of this petition, Florida Power has filed a second rule waiver petition with respect to the requirement in Rule 25-17.0832(4)(e)5, F.A.C., that a standard offer contract's open solicitation period must end prior to the issuance of a Request for Proposals ("RFP") pursuant to Rule 25-22.082, F.A.C., often referred to as the Commission's "bidding rule." As is more fully explained in the rule waiver petition, the avoided unit on which the standard offer contract subject to this petition is based is Florida Power's next planned capacity addition, Hines 3, a combined cycle unit with a scheduled in-service date of December 2005. The requested waiver of Rule 25-17.0832(4)(e)5 is intended to allow the standard offer's open solicitation period and the RFP process for Hines 3 pursuant to the bidding rule to take place concurrently. This will avoid the substantial time period that would be added to Hines 3's critical path schedule if the issuance of the RFP were to be delayed until after the standard offer has been approved and the open solicitation period has expired (the sequence contemplated by the rule).

5. Exhibit C contains the economic and financial assumptions for the cost parameters and the K Factor of the combined cycle avoided unit associated with the proposed standard offer contract that is the subject matter of this petition.

WHEREFORE, for the above-stated reasons, Florida Power respectfully requests that the Commission grant this petition and approval of the Standard Offer Contract and accompanying Rate Schedule COG-2 contained in Exhibit A hereto.

Respectfully submitted,

FLORIDA POWER CORPORATION

By James A. McGee

James A. McGee
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5519

EXHIBIT A

FLORIDA POWER CORPORATION'S PROPOSED STANDARD OFFER CONTRACT AND ACCOMPANYING RATE SCHEDULE COG-2

STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS, OR A SOLID WASTE FACILITY

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STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS, OR A SOLID WASTE FACILITY

between

____

and

FLORIDA POWER CORPORATION

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STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS, OR A SOLID WASTE FACILITY

THIS CONTRACT is made and entered this ___ day of _________, _____ , by and between _____________________________ (hereinafter "the QF"), and Florida Power Corporation (hereinafter "FPC"), a private utility corporation organized and existing under the laws of the State of Florida. The QF and FPC shall be identified herein as the "Parties". This Contract contains five Appendices which are incorporated into and made part of this agreement: Appendix A: Rate Schedule COG-2; Appendix B: Pay for Performance Provisions, Monthly Capacity Payment Calculation; Appendix C: Termination Fee; Appendix D: Detailed Project Information; and Appendix E, Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17.091, F.A.C.

WITNESSETH:

WHEREAS, the QF desires to sell, and FPC desires to purchase electricity to be generated by the QF consistent with FPSC Rules 25-17.080 through 25-17.091 F.A.C.; and

WHEREAS, the QF has signed an interconnection agreement with FPC ("Interconnection Agreement"), or has signed an interconnection/transmission service ("wheeling") agreement with the utility in whose service territory the Facility is to be located, pursuant to which the QF assumes contractual responsibility to make any and all wheeling-related arrangements (including control area services) between the QF and the wheeling utility for delivery of the Facility's firm capacity and energy to FPC; and

WHEREAS, the FPSC has approved this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or other Qualifying Facility using renewable or non-fossil fuel, a Qualifying Facility with a design capacity of 100 KW or less, or a Solid Waste Facility; and

WHEREAS, the QF guarantees that the Facility is capable of delivering firm capacity and energy to FPC for the term of this Contract in a manner consistent with the provision of this Contract;

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

1. Facility; Qualifying Status

The QF contemplates installing and operating a ________________ KVA ____________ generator located at ______________________________________ (hereinafter called the "Facility"). The generator is designed to produce a maximum of ____________ kilowatts (kW) of electric power at a 90% lagging to 90% leading power factor. The facility's location and generation capabilities are as described in the table below.

TECHNOLOGY AND GENERATOR CAPABILITIES	
Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)	City: County:
Generator Type (Induction or Synchronous)	
Type of Facility (Cogeneration, Small Power Production, MSW)	
Technology	
Fuel Type and Source	
Generator Rating (KVA)	
Maximum Capability (kW)	
Net Output (kW)	
Power Factor (%)	
Operating Voltage (kV)	
Peak Internal Load kW	

The QF's failure to complete the foregoing table in its entirety shall render this Contract null and void and of no further effect.

The Facility has been certified or has self-certified as a "qualifying facility" pursuant to the regulations of the Federal Energy Regulatory Commission ("FERC"). The QF shall maintain the "qualifying" status of the Facility throughout the term of this Contract. Any information provided to FERC regarding QF's qualifying status shall at the same time be provided to FPC. QF shall at all times keep FPC informed of any material changes in its business which affect its qualifying status. FPC shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QF that FPC deems necessary to verify the Facility's qualifying status. On or before March 31 of each year during the term of this Contract, the QF shall provide to FPC a certificate signed by an officer of the QF certifying that the QF continuously maintained qualifying status during the prior calendar year.

2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m., November 30, 2010, unless terminated earlier in accordance with the provisions hereof.

Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the QF before December 1, 2005 (or such later date as may be permitted by FPC pursuant to Section 5), FPC's obligations under this Contract shall be rendered of no force and effect.

3. Minimum Specifications

As required by FPSC Rule 25-17.0832(a), below are the minimum specifications pertaining to this Contract:

0. The avoided unit ("Avoided Unit") on which this Contract is based is a 20 MW portion of a 530 MW combined cycle unit.

1. The total Committed Capacity needed to fully subscribe the Avoided Unit is 20 MW (the "Subscription Limit").

2. This offer shall expire on the earlier of (i) the date of the subscription limit is fully subscribed or (ii) 2 weeks after approval of this standard offer by the Florida Public Service Commission.

3. The date by which firm capacity and energy deliveries from the QF to FPC shall commence is December 1, 2005 unless the Facility chooses capacity payments under Options B, C, or D, pursuant to the terms of this Contract.

4. The period of time over which firm capacity and energy shall be delivered from the QF to FPC is the five- (5) year period beginning on December 1, 2005.

5. The following are the minimum performance standards for the delivery of firm capacity and energy by the QF to qualify for full capacity payments under this Contract:

	On Peak*	Off Peak
Availability:	90%	90%

* QF Performance and On Peak hours shall be as measured and/or described in FPC's Rate Schedule COG-2 attached hereto as Appendix B.

4. Sale of Electricity by the QF

4.1 Purchase by FPC

Consistent with the terms hereof, the QF shall sell to FPC and FPC shall purchase from the QF electric power generated by the Facility. The purchase and sale of electricity pursuant to this Contract shall be a ( ) net billing arrangement or ( ) simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause the QF to sell more than the Facility's net output. The billing methodology may be changed at the option of the QF, subject to the provisions of FPC Rate Schedule COG-2.

4.2 The QF shall not rely on interruptible standby service for the start up requirements (initial or otherwise) of the Facility.

5. Committed Capacity/Capacity Delivery Date

5.1 The QF commits to sell capacity to FPC, the amount of which shall be determined in accordance with this Section 5 and Appendix A (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity is set at _______ kW, with an expected Capacity Delivery Date of December 1, 2005.

5.2 Testing of the capacity of the Facility (each such test a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than December 1, 2002 and testing must be completed by 11:59 p.m., November 30, 2004. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1 the QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.

5.3 In addition to the first Committed Capacity Test, FPC shall have the right to require the QF, by notice thereto, to validate the Committed Capacity by means of a Committed Capacity Test at any time, up to six (6) times per year, the results of which shall be provided to FPC within seven (7) calendar days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 5.1.

5.4 Notwithstanding anything to the contrary herein, the Committed Capacity may not exceed the amount set forth in Section 5.1 without the consent of FPC to be granted in FPC's sole discretion.

5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test.

5.6 In no event shall FPC make capacity payments to the QF prior to the Capacity Delivery Date.

5.7 The QF shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or after January 1, 2003 and on or before December 1, 2005 (or such later date permitted by FPC pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before December 1, 2005, FPC shall immediately be entitled to draw down the Completion/Performance security in full.

6. Testing Procedures

6.1 The Committed Capacity Test must be completed successfully within a sixty-hour period (the "Demonstration Period"), which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the QF by means of a written notice to FPC delivered at least thirty (30) calendar days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test ordered by FPC under any of the provisions of this Contract. FPC shall have the right to be present onsite to monitor firsthand any Committed Capacity Test required or permitted under this Contract.

6.2 The Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net kW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. The Committed Capacity Test Period shall commence at the time designated by the QF pursuant to Section 6.1 or at such time requested by FPC pursuant to Section 5.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that FPC is notified of, and consents to, such earlier time.

6.3 Normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period. Normal deliveries of the contracted quantity and quality of cogenerated steam to the steam host, if any, shall be required during the Committed Capacity Test Period.

6.4 The Capacity of the Facility (the "Capacity") shall be the minimum average hourly net capacity (generator output minus auxiliary) measured over the Committed Capacity Test Period.

6.5 The Committed Capacity Test shall be performed according to standard industry testing procedures for the appropriate technology of the QF.

6.6 The results of any Committed Capacity Test, including all data related to facility operation and performance during testing, shall be submitted to FPC by the QF within seven (7) calendar days of the conclusion of the Committed Capacity Test. The QF shall certify that all such data is accurate and complete.

7. Payment for Electricity Produced by the Facility

7.1 Energy

FPC agrees to pay the QF for energy produced by the Facility and delivered to FPC in accordance with the rates and procedures contained in FPC's approved Rate Schedule COG-2, attached hereto as Appendix A, as it may be amended from time to time. The Parties agree that this Contract shall be subject to all of the provisions contained in Rate Schedule COG-2 as approved and on file with the FPSC.

7.2 Capacity

FPC agrees to pay the QF for the capacity described in Section 5 in accordance with the rates and procedures contained in Rate Schedule COG-2, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option __________ of Rate Schedule COG-2. The QF understands and agrees that Capacity payments will only be made under Option B, Option C, or Option D if the QF has achieved the Capacity Delivery Date and is delivering firm capacity and energy to FPC. Once so selected, this option cannot be changed for the life of this Contract.

7.3 Payments

Payments due the QF will be made monthly, and normally by the twentieth business day following the end of the billing period. The kilowatt-hours sold by the QF and the applicable avoided energy rate at which payments are being made shall accompany the payment to the QF.

8. Electricity Production and Plant Maintenance Schedule

8.1 No later than sixty (60) calendar days prior to the Capacity Delivery Date, and prior to October 1 of each calendar year thereafter during the term of this Contract, the QF shall submit to FPC in writing a detailed plan of the amount of electricity to be generated by the Facility and delivered to FPC for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in capacity.

8.2 By October 31 of each calendar year, FPC shall notify the QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPC does not accept any of the requested scheduled maintenance periods, FPC shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QF shall only schedule outages during periods approved by FPC, and such approval shall not be unreasonably withheld. Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such change is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to twenty-one (21) days per calendar year. In no event shall maintenance periods be scheduled during the following periods: June 1 through September 15 and December 1 through and including February 28 (or 29th as the case may be).

8.3 The QF shall comply with reasonable requests by FPC regarding day-to-day and hour-by-hour communication between the Parties relative to electricity production and maintenance scheduling.

8.4 Dispatch and Control

8.4.1 Power supplied by the QF hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of ______ volts (_______ kV) and power factor dispatchable and controllable in the range of 90% lagging to 90% leading as measured at the interconnection point to maintain system operating parameters, including power factor, as specified from time to time by FPC.

8.4.2 The QF shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPC's system, except for normal testing and repair in accordance with good engineering and operating practices as agreed by the Parties. The QF shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal testing and repair. All QF facilities shall meet IEEE and industry standards. The QF shall have independent, third party qualified personnel test, calibrate and certify in writing all protective equipment at least once every twelve (12) months in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and results provided to FPC in writing prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices as agreed by the Parties.

8.4.3 If the Facility is separated from the FPC system for any reason, under no circumstances shall the QF reconnect the Facility to FPC's system without first obtaining FPC'S specific approval.

8.4.4 During the term of this Contract, the QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPC. The QF shall ensure that operating personnel are on duty at all times, twenty-four (24) hours a calendar day and seven (7) calendar days a week. Additionally, during the term of this Contract, the QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder and in accordance with applicable law and prudent utility practices.

8.4.5 FPC shall not be obligated to purchase, and may require curtailed or reduced deliveries of energy to the extent allowed under FPSC Rule 25-17.086 and under any curtailment plan which FPC may have on file with the FPSC from time to time.

8.4.6 During the term of this Contract, the QF shall maintain sufficient fuel on the site of the Facility to deliver the capacity and energy associated with the Committed Capacity for an uninterrupted seventy-two- (72) hour period. At FPC's request, the QF shall demonstrate this capability to FPC's reasonable satisfaction. During the term of this Contract, the QF's output shall remain within a band of plus or minus ten percent (10%) of the daily output level or levels specified by the plant operator, in ninety percent (90%) of all operating hours under normal operating conditions. This calculation will be adjusted to exclude forced outage periods and periods during which the QF's output is affected by a Force Majeure event.

9. Completion/Performance Security

9.1 As security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, the QF shall provide FPC either: (a) an unconditional, irrevocable, direct-pay letter(s) of credit in effect through the first (1st) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a financial institution(s) having an investment grade credit rating, in form and substance acceptable to FPC (including provisions (i) permitting partial and full draws and (ii) permitting FPC to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least ten (10) business days prior to its expiration date); (b) a cash deposit(s) with FPC; or (c) a bond issued by a financially sound company in form and substance acceptable to FPC. Such letter(s) of credit, cash deposit(s) or bond shall be provided in the amount and by the date listed below:

9.1.1 $30.00 per kW (as set forth in Section 5.1) within thirty (30) calendar days of the execution of this Contract by the Parties hereto.

The specific security instrument provided for purposes of this Contract is:

( ) Unconditional, irrevocable, direct-pay letter(s) of credit.
( ) Bond.
( ) Cash deposit(s) with FPC.

9.2 FPC shall have the right and the QF shall be required to monitor the financial condition of the issuer(s) in the event any letter of credit is provided by the QF. In the event the senior debt rating of any issuer(s) hasdeteriorated to a level below investment grade, FPC may require the QF to replace the letter(s) of credit. Replacement letter(s) of credit must be issued by a financial institution(s) with an investment grade credit rating, and meet the requirements of Section 9.1, within thirty (30) calendar days following written notification to the QF of the requirement to replace. Failure by the QF to comply with the requirements of this Section 9.3 shall be grounds for FPC to draw in full on the existing letter of credit and to exercise any other remedies it may have hereunder.

9.3 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QF qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), Fla. Stat., respectively, may use an unsecured promise to pay by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder. Within one year of execution of this agreement and annually thereafter, QF shall supply to FPC an audited, comprehensive financial statement of such local government which shall demonstrate that the local government continues its promise to pay and continues to possess the financial wherewithal to honor such promise.

9.4 If an Event of Default under Section 12 occurs, FPC shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-applicable Completion/Performance Security.

9.5 If an Event of Default has not occurred and the QF fails to achieve the Capacity Delivery Date on or before December 1, 2005, FPC shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the Completion/Performance Security. The Parties acknowledge that the injury that FPC will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPC may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date is achieved on or before November 1, 2005, then the QF shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to $15.00 per kW (for the number of kW set forth in Section 5.1).

9.6 In the event that FPC requires the QF to perform one or more Committed Capacity Test(s) at any time pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QF fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPC shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-remaining amount of the Completion/Performance Security.

10. Termination Fee

10.1 In the event that the QF receives capacity payments pursuant to Option B, Option C, or Option D, then upon the termination of this Contract, the QF shall owe and be liable to FPC for a termination fee calculated in accordance with Appendix C (the "Termination Fee"). The Termination Fee is in the nature of liquidated damages due as a consequence of terminating this Contract. The QF's obligation to pay the Termination Fee shall survive the termination of this Contract. FPC shall provide the QF, on a monthly basis, a calculation of the Termination Fee.

10.1.1 The Termination Fee shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091) by the QF by: (i) an unconditional, irrevocable, direct pay letter(s) of credit issued by a financial institution(s) with an investment grade credit rating in form and substance acceptable to FPC (including provisions (a) permitting partial and full draws and (b) permitting FPC to draw upon such letter of credit, in full, if such letter of credit is not renewed or replaced at least ten (10) business days prior to its expiration date: (ii) a bond issued by a financially sound company in form and substance acceptable to FPC; or (iii) a cash deposit with FPC (any of (i), (ii), or (iii), the "Termination Security"). In the case of QF operating as a solid waste facility pursuant to section 9.4 of this agreement, the Termination Fee shall be secured by an unsecured promise to pay, by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to pay on a timely basis the Termination Fee. Within one year of execution of this agreement and annually thereafter, QF shall supply to FPC an audited, comprehensive financial statement of such local government which shall demonstrate that the local government continues its promise to pay the Termination Fee and continues to possess the financial wherewithal to honor such promise. The specific security instrument selected by the QF for purposes of this Contract is:

( ) Unconditional, irrevocable, direct pay letter(s) of credit.
( ) Bond.
( ) Cash deposit(s) with FPC.

10.1.2 FPC shall have the right and the QF shall be required to monitor the financial condition of (i) the issuer(s) in the case of any letter of credit and (ii) the insurer(s), in the case of any bond. In the event the senior debt rating of any issuer(s) or insurer(s) has deteriorated to a level below investment grade, FPC may require the QF to replace the letter(s) of credit or the bond, as applicable. In the event that FPC notifies the QF that it requires such a replacement, the replacement letter(s) of credit or bond, as applicable, must be issued by a financial institution(s) or insurer(s) with an investment grade credit rating, and meet the requirements of Section 10.1.1 within thirty (30) calendar days following such notification. Failure by the QF to comply with the requirements of this Section 10.1.2 shall be grounds for FPC to draw in full on any existing letter of credit or bond and to exercise any other remedies it may have hereunder.

10.1.3 After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, upon FPC's issuance of the Termination Fee calculation as described in Section 10.1, the QF must provide FPC, within ten calendar (10) days, written assurance and documentation (the "Security Documentation"), in form and substance acceptable to FPC, that the amount of the Termination Security is sufficient to cover the balance of the Termination Fee. In addition to the foregoing, at any time during the term of this Contract, FPC shall have the right to request and the QF shall be obligated to deliver within five (5) calendar days of such request, such Security Documentation. Failure by the QF to comply with the requirements of this Section 10.1.3 shall be grounds for FPC to draw in full on any existing letter of credit or bond or to retain any cash deposit, and to exercise any other remedies it may have hereunder.

10.1.4 Upon any termination of this Contract following the Capacity Delivery Date, FPC shall be entitled to receive (and in the case of the letter(s) of credit or bond, draw upon such letter(s) of credit or bond) and retain one hundred percent (100%) of the Termination Security.

11. Performance Factor

FPC desires to provide an incentive to the QF to operate the Facility during on-peak and off-peak periods in a manner that approximates the projected performance of FPC's Avoided Unit. A formula to achieve this objective is attached as Appendix B.

12. Default

Notwithstanding the occurrence of any Force Majeure as described in Section 16, each of the following shall constitute an Event of Default:

(a) The QF fails to maintain the "qualifying" status of the Facility specified in Section 1 of this Contract;

(b) The QF changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPC;

(c) After the Capacity Delivery Date, the Facility fails for twelve (12) consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least eighty percent (80%);

(d) The QF fails to satisfy its obligations under Section 8.4.6 hereof;

(e) The QF fails to comply with any of the provisions of Section 9 hereof;

(f) The QF fails to comply with any of the provisions of Section 10 hereof;

(g) The QF, or the entity which owns or controls the QF, ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QF or the entity which owns or controls the QF; or if a receiver shall be appointed for the QF or any of its assets or properties, or for the entity which owns or controls the QF; or if any part of the

QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within thirty (30) calendar days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;

(h) The QF fails to give proper assurance of adequate performance as specified under this Contract within thirty (30) calendar days after FPC, with reasonable grounds for insecurity, has requested in writing such assurance;

(i) The QF materially fails to perform as specified under this Contract, including but not limited to, the QF's obligations under Sections 8, 9, 10, and 14-18;

(j) The QF fails to achieve licensing, certification, and all federal, state and local governmental, environmental, and licensing approvals required to initiate construction of the Facility by no later than December 1, 2004;

(k) The QF fails to comply with any of the provisions of Section 18.3 hereof;

(l) Any of the representations or warranties made by the QF in this Contract is false or misleading in any material respect as of the time made;

(m) The occurrence of an event of default by the QF under the Interconnection Agreement;

(n) If, at any time after the Capacity Delivery Date, the QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure;

(o) The QF breaches any material provision of this Contract not specifically mentioned in this Section 12.

13. FPC's Rights in the Event of Default

13.1 Upon the occurrence of any of the Events of Default in Section 12, FPC may, at its option:

13.1.1 Terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the QF, and offset against any payment(s) due from FPC to the QF, any monies otherwise due from the QF to FPC;

13.1.2 Enforce the provisions of the Termination Security requirement pursuant to Section 10 hereof;

13.1.3 Exercise any other remedy(ies) which may be available to FPC at law or in equity.

13.2 Termination shall not affect the liability of either Party for obligations arising prior to such termination or for damages, if any, resulting from any breach of this Contract.

14. Indemnification

14.1 FPC and the QF shall each be responsible for its own facilities. FPC and the QF shall each be responsible for ensuring adequate safeguards for other FPC customers, FPC's and the QF's personnel and equipment, and for the protection of its own generating system. Each Party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other Party (the "Indemnifying Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "FPC Entities" and "QF Entities") from and against any and all claims, demands, costs or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) caused by, arising out of, or resulting from:

(a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder;

(b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system;

(c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system;

(d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or

(e) any other event or act that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees.

14.2 Payment by an Indemnified Party to a third party shall not be a condition precedent to the obligations of the Indemnifying Party under Section 14. No Indemnified Party under Section 14 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 14 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 14 shall survive termination of this Agreement.

15 Insurance

15.1 The QF shall procure or cause to be procured and shall maintain throughout the entire term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable to FPC on a standard "Insurance Services Office" commercial general liability form (such policy or policies, collectively, the "QF Insurance"). A certificate of insurance shall be delivered to FPC at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the QF Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract and the Interconnection Agreement, or (ii) caused by operation of the Facility or any of the QF's equipment or by the QF's failure to maintain the Facility or the QF's equipment in satisfactory and safe operating condition. Effective at least fifteen (15) calendar days prior to the synchronization of the Facility with FPC's system, the QF Insurance shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards. Without limiting the foregoing, the QF Insurance must be reasonably acceptable to FPC. Any premium assessment or deductible shall be for the account of the QF and not FPC.

15.2 The QF Insurance shall have a minimum limit of One Million Dollars ($1,000,000.00) per occurrence, combined single limit, for bodily injury (including death) or property damage.

15.3 To the extent that the QF Insurance is on a " claims made " basis, the retroactive date of the policy(ies) shall be the effective date of this Contract or such other date as may be agreed upon to protect the interests of the FPC Entities and the QF Entities. Furthermore, to the extent the QF Insurance is on a "claims made" basis, the QF's duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the QF Insurance is on an "occurrence" basis, such insurance shall be maintained in effect at all times by the QF during the term of this Contract.

15.4 The QF Insurance shall provide that it may not be cancelled or materially altered without at least thirty (30) calendar days' written notice to FPC. The QF shall provide FPC with a copy of any material communication or notice related to the QF Insurance within ten (10) business days of the QF's receipt or issuance thereof.

15.5 The QF shall be designated as the named insured and FPC shall be designated as an additional named insured under the QF Insurance. The QF Insurance shall be endorsed to be primary to any coverage maintained by FPC.

16. Force Majeure

Force Majeure is defined as an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control of and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of civil or military authority (including courts and governmental or administrative agencies), acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes or difficulties (not caused by the failure of the affected party to comply with the terms of a collective bargaining agreement). QF equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility, or a QF failure to obtain on a timely basis and maintain a necessary permit or other regulatory approval, shall not be considered an event of Force Majeure, unless the QF can conclusively demonstrate, to the reasonable satisfaction of FPC, that the event was not reasonably foreseeable, was beyond the QF's reasonable control and was not caused by the negligence or lack of due diligence of the QF or its agents, contractors or suppliers.

16.2 Except as otherwise provided in this Contract, each Party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.

16.3 In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party claiming Force Majeure shall notify the other Party in writing within five (5) business days of the occurrence of the event of Force Majeure, of the nature cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A Party claiming Force Majeure shall not be entitled to any relief therefor unless and until conforming notice is provided. The Party claiming Force Majeure shall notify the other Party of the cessation of the event of Force Majeure or of the conclusion of the affected Party's cure for the event of Force Majeure in either case within two (2) business days thereof.

16.3 The Party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected Party and such Party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such Party deems to be unfavorable.

16.4 If the QF suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QF may, upon notice to FPC temporarily adjust the Committed Capacity as provided in Sections 16.5 and 16.6. Such adjustment shall be effective the first calendar day immediately following FPC's receipt of the notice or such later date as may be specified by the QF. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.

16.5 If the Facility is rendered completely inoperative as a result of Force Majeure, the QF shall temporarily set the Committed Capacity equal to 0 kW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 kW, FPC shall have no obligation to make capacity payments hereunder.

16.6 If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the QF shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.

16.7 Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provisions of this Contract, upon such cessation or cure, FPC shall have right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPC under this Section shall be additional to any Committed Capacity Test under Section 5.3.

Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provisions of this Contract, upon such cessation or cure, FPC shall have right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPC under this Section shall be additional to any Committed Capacity Test under Section 5.3.

16.8 During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 16.4 all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay-for-performance provisions in Appendix B.

16.9 The QF agrees to be responsible for and pay the costs necessary to reactivate the Facility and/or the interconnection with FPC's system if the same is (are) rendered inoperable due to actions of the QF, its agents, or Force Majeure events affecting the QF, the Facility or the interconnection with FPC. FPC agrees to reactivate, at is own cost, the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by FPC or its agents.

17. Representations, Warranties, and Covenants of QF

The QF represents and warrants that as of the Effective Date:

17.1 Organization, Standing and Qualification

The QF is a __________ (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of __________ and has all necessary power and authority to carry on its business as presently conducted to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The QF is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on FPC.

17.2 Due Authorization, No Approvals, No Defaults

Each of the execution, delivery and performance by the QF of this Contract has been duly authorized by all necessary action on the part of the QF, does not require any approval, except as has been heretofore obtained, of the ____________ (shareholders, partners, or others, as applicable) of the QF or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the QF, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the ______________ (articles of incorporation, bylaws, or other as applicable) of the QF, or any agreement, judgement, injunction, order, decree or other instrument binding upon the QF, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract.

17.3 Compliance with Laws

The QF has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The QF is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the QF or FPC.

17.4 Governmental Approvals

Except as expressly contemplated herein, neither the execution and delivery by the QF of this Contract, nor the consummation by the QF of any of the transaction contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of governmental authority, except in respect of permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the QF has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefor).

17.5 No Suits, Proceedings

There are no actions, suits, proceedings or investigations pending or, to the knowledge of the QF, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the QF's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The QF has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment.

17.6 Environmental Matters

To the best of its knowledge after diligent inquiry, the QF knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.

18. General Provisions

18.1 Project Viability

To assist FPC in assessing the QF's financial and technical viability, the QF shall provide the information and documents requested in Appendix D or substantially similar documents, to the extent the documents apply to the type of Facility covered by this Contract and to the extent the documents are available. All documents to be considered by FPC must be submitted at the time this Contract is presented to FPC. Failure to provide the following such documents may result in a determination of non-viability by FPC.

18.2 Permits

The QF hereby agrees to obtain and maintain any and all permits, certifications, licenses, consents or approvals of any governmental authority which the QF is required to obtain as a prerequisite to engaging in the activities specified in this Contract.

18.3 Project Management

If requested by FPC, the QF shall submit to FPC its integrated project schedule for FPC's review within sixty (60) calendar days from the execution of this Contract, and a start-up and test schedule for the Facility at least sixty (60) calendar days prior to start-up and testing of the Facility. These schedules shall identify key licensing, permitting, construction and operating milestone dates and activities. If requested by FPC, the QF shall submit progress reports in a form satisfactory to FPC every calendar month until the Capacity Delivery Date and shall notify FPC of any changes in such schedules within ten (10) calendar days after such changes are determined. FPC shall have the right to monitor the construction, start-up and testing of the Facility, either on-site or off-site. FPC's technical review and inspections of the Facility and resulting requests, if any, shall not be construed as endorsing the design thereof or as any warranty as to the safety, durability or reliability of the Facility.

The QF shall provide FPC with the final designer's/manufacturer's generator capability curves, protective relay types, proposed protective relay settings, main one-line diagrams, protective relay functional diagrams, and alternating current and direct elementary diagrams for review and inspection at FPC no later than one hundred eighty (180) calendar days prior to the initial synchronization date.

18.4 Assignment

The QF may not assign this Contract, without FPC's prior written approval, which approval may be withheld at FPC's sole discretion.

18.5 Disclaimer

In executing this Contract, FPC does not, nor should it be construed, to extend its credit or financial support for benefit of any third parties lending money to or having other transactions with the QF or any assigns of this Contract.

18.6 Notification

All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, or sent by fax if followed immediately with a copy sent by registered or certified mail, to the individuals designated below. The Parties designate the following individuals to be notified or to whom payment shall be sent until such time as either Party furnishes the other Party written instructions to contact another individual:

For the QF:	For FPC:
______________________	Florida Power Corporation
______________________	Cogeneration Manager BT 9G
______________________	200 Central Avenue
______________________	St. Petersburg, FL 33701

This signed Contract and all related documents may be presented no earlier than 8:00 a.m. on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

Florida Power Corporation
200 Central Avenue
St. Petersburg, FL 33701

Attention: Cogeneration Manager BT 9G

18.7 Applicable Law

This Contract shall be construed in accordance with and governed by, and the rights of the parties shall be construed in accordance with the laws of the State of Florida.

18.8 Taxation

In the event that FPC becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Services determination, through audit, ruling or other authority, that FPC's payments to the QF for capacity under Options B, C, or D are not fully deductible when paid (additional tax liability), FPC 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 capacity payments are not currently deductible for federal and/or state income tax purposes. FPC at its option, may offset these costs against amounts due the QF hereunder. These costs would be calculated so as to place FPC in the same economic position in which it would have been if the entire capacity payments had been deductible in the period in which the payments were made. If FPC 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 FPC.

18.9 Severability

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

18.10 Complete Agreement and Amendments

All previous communications or agreements between the Parties, whether verbal or written, with reference to the subject matter of this Contract are hereby abrogated. No amendment or modification to this Contract shall be binding unless it shall be set forth in writing and duly executed by both Parties. This Contract constitutes the entire agreement between the Parties.

18.11 Survival of Contract

This Contract, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties' respective successors-in-interest and legal representatives.

18.12 Record Retention

The QF agrees to remain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder, and to cause all QF Entities to retain for the same period all such records.

18.13 No Waiver

No waiver of any of the terms and conditions of this Contract shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any wavier of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The failure of a Party to insist, in any instance, on the strict performance of any of the terms and conditions hereof shall not be construed as a waiver of such Party's right in the future to insist on such strict performance.

18.14 Set-Off

FPC may at any time, but shall be under no obligation to, set off any and all sums due from the QF against sums due to the QF hereunder.

IN WITNESS WHEREOF, the QF and FPC executed this Contract on the later of the dates set forth below.

QF	**FLORIDA POWER CORPORATION**
Signature	Signature
Print Name	Print Name
Title	Title
Date	Date

APPENDIX A
TO
FLORIDA POWER CORPORATION STANDARD OFFER CONTRACT
RATE SCHEDULE COG-2

SCHEDULE

COG-2, Firm Capacity and Energy

AVAILABLE

FPC will, under the provisions of this Schedule and FPC's Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or Other Qualifying Facility ("Standard Offer Contract") to which this Appendix is attached and incorporated into by reference, purchase firm capacity and energy offered by a Qualifying Facility pursuant to FPSC Rule 25-17.0832 (4). FPC's obligation to contract to purchase firm capacity from such QFs by means of this schedule and the Standard Offer Contract will continue only as long as, and the extent that, the 20 MW subscription limit is not exceeded and, in any event, no later than 2 weeks after approval of this standard offer by the Florida Public Service Commission. FPC's obligation to purchase firm capacity by means of this rate schedule and the Standard Offer Contract from QFs locating north of the latitude of FPC's Central Florida Substation is conditioned upon FPC being able to acquire import capability to replace that amount of Florida-Southern Interface import capability lost as a result of the location of the Facility.

APPLICABLE

To Qualifying Facilities as specified in FPSC Rule 25-17.0832 (4) producing capacity and energy for sale to FPC on a firm basis pursuant to the terms and conditions of this schedule and FPC's Standard Offer Contract. Firm Capacity and Energy are described by FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a QF pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

CHARACTER OF SERVICE

Purchases within the territory served by FPC shall be, at the option of FPC, single or three phase, 60-hertz alternating current at any available standard FPC voltage. Purchases from outside the territory served by FPC shall be three phase, 60-hertz alternating current at the voltage level available at the interchange point between FPC and the entry delivering the Firm Energy and Capacity from the QF.

LIMITATION

Purchases under this schedule are subject to FPSC Rules 25-17.080 through 25-17.091, F.A.C., and are limited to those Qualifying Facilities which:

A. Are Specified in FPSC Rule 25-17.0832 (4);

B. Execute a Standard Offer Contract;

C. Provide capacity which would not result in the 20 MW capacity subscription limit for FPC to be exceeded.

RATES FOR PURCHASES BY FPC

Firm Capacity and Energy are purchased at unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by FPC. For the purpose of this Schedule, an Avoided Unit has been designated by FPC. FPC's next Avoided Unit has been identified as a 20 MW portion of a 530 MW combined cycle unit with an in-service date of December 2005, Schedule 1 to this Appendix describes the methodology used to calculate payment schedules, general terms, and conditions applicable to FPC's Standard Offer Contract filed and approved pursuant to FPSC Rules 25-17.080 through 25-17.091, F.A.C.

A. Firm Capacity Rates

Four options, A through D, as set forth below, are available for payments of firm capacity that is produced by a QF and delivered to FPC. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with FPC. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the QF has contractually committed to deliver to FPC and are based on a contract term which extends through December 31, 2009. Payment schedules for other contract terms will be made available to any QF upon request and may be calculated based on the methodologies described in Schedule 1. The currently approved parameters used to calculate the following schedule of payments are found in Schedule 2 to this Appendix.

Option A - Fixed Value of Deferral Payments - Normal Capacity

Payment schedules under this option are based on the value of a year-by-year deferral of FPC's Avoided Unit with an in-service date of December 1, 2005, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Schedule 1. 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 payment schedule for this option follows Option D.

Option B - First Value of Deferral Payments - Early Capacity

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of FPC's Avoided Unit. The term "early" with respect to Option B means that these payments can start as early as three years prior to the anticipated in-service date of FPC's Avoided Unit; provided, however, that under no circumstances may payments begin before this QF is delivering firm capacity and energy to FPC pursuant to the terms of the Standard Offer Contract. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the QF and calculated as shown on Schedule 1. Capacity Payments under Option B do not result in a prepayment or create a future benefit.

The QF shall select the month and year in which the deliveries of firm capacity and energy to FPC are to commence and capacity payments are to start. FPC will provide the QF with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract. The exemplary payment schedule following Option D is based on a contract term that begins on December 1, 2003.

Option C - Fixed Value of Deferral Payment - Levelized Capacity

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of FPC's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Schedule 1. The fixed operation and maintenance portion of capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with FPC's Avoided Unit. These calculations are shown in Schedule 1. The payment schedule for this option follows Option D. Capacity Payments under Option C do not result in a prepayment or create a future benefit.

Option D - Fixed Value of Deferral Payment - Early Levelized Capacity

Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of FPC's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Schedule 1. The fixed operation and maintenance expense shall be calculated as shown in Schedule 1. At the option of the QF, payments for early levelized capacity shall commence at any time after the specified early capacity date and before the anticipated in-service date of FPC's Avoided Unit, provided that the QF is delivering firm capacity and energy to FPC pursuant to the terms of the Standard Offer Contract. The term "early" with respect to Option D means that capacity payments may begin earlier than the anticipated in-service date of FPC's avoided unit. Capacity payments under Option D do not result in a prepayment or create a future benefit.

EXAMPLE MONTHLY CAPACITY PAYMENT IN $kW/MONTH
FPC'S 2005 COMBINED CYCLE AVOIDED UNIT (20 MW)
STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
($/kW/MONTH)

Contract Year	Option A Normal Capacity Payment Starting 01/01/2005	Option B Early Capacity Payment Starting 01/01/2003	Option C Levelized Capacity Payment Starting 01/01/2005	Option D Early Levelized Capacity Payment Starting 01/01/2003
2003	-	2.95	-	3.10
2004	-	3.00	-	3.11
2005	4.58	3.06	4.74	3.11
2006	4.67	3.13	4.75	3.11
2007	4.76	3.19	4.75	3.11
2008	4.86	3.25	4.75	3.11
2009	4.95	3.32	4.75	3.11

B. Energy Rates

Payments Prior to January 1, 2005

The energy rate, in cents per kilowatt-hour (¢/kWh), shall be based on FPC's actual hourly avoided energy costs which are calculated by FPC in accordance with FPSC Rule 25-17.0825, F.A.C.

The calculation 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 amount of energy (kWh) delivered to FPC from the Facility for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

Payments Starting on January 1, 2005
The calculation of payments to the QF for energy delivered to FPC on and after December 1, 2005 shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's Firm Energy Rate (¢/kWh); and (b) the amount of energy (kWh) delivered to FPC from the Facility during that hour.

The firm energy rate shall be, on an hour-by-hour basis, FPC's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QF to FPC, the Firm Energy Rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPC in accordance with FPSC Rule 25-17.0825, F.A.C., and FPC's Rate Schedule COG-1, as they may each be amended from time to time and (b) FPC's Avoided Unit Energy Cost. FPC's Avoided Unit Energy Cost, in cents per kilowatt -

hour (¢/kWh) shall be defined as the product of (a) the Avoided Unit Gas Cost and (b) an average annual heat rate of 7,100 BTU per kilowatt hour; plus (c) an additional 0.271¢ per kilowatt hour in mid-2005 dollars for variable operation and maintenance expenses which will be escalated based on CPI-U.

For the purposes of this agreement, the Avoided Unit Gas Cost shall mean the lesser of the Gas Daily Zone Price and the Gas Daily City Gate Price. Gas Daily Zone Price means the average monthly fuel price in $ per MMBtu as determined from gas prices for Florida Gas Transmission ("FGT") supply zone 3 as published in the "Daily Price Survey" listed under the column "Common" under the heading "Louisiana Onshore South", plus FGT's applicable 100% load factor FTS-2 rate. Gas Daily City Gate Price means the average monthly fuel price in $ per MMBtu as determined from gas prices for Florida gates via FGT as published in the "Daily Price Survey" listed under the heading City gate, Pooling Point prices. In addition, CPI-U means the Annual Consumer Price Index figure shown for all items in the Consumer Price Index for All Urban Consumers-South Urban (Not Seasonally Adjusted), Series I. D. CUUR0300SA0 as published by the United States Department of Labor, Bureau of Labor Statistics. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

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. The following estimates include variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
April 1, 2002 - September 30, 2002	3.9	2.6	3.2
October 1, 2002 - March 31, 2003	3.1	2.7	2.8
April 1,2003 - September 30, 2003	3.6	2.5	3.0
October 1, 2003 - March 31, 2004	2.6	2.4	2.5

ESTIMATED UNIT FUEL COST

The estimated unit fuel costs listed below are associated with FPC's Avoided Unit and are based on current estimates of the price of natural gas.

$/MMBTU

2003	2004	2005	2006	2007	2008
3.50	3.00	3.00	3.03	3.06	3.09

DELIVERY VOLTAGE ADJUSTMENT

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

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	1.0209
Primary Voltage Delivery	1.0335
Secondary Voltage Delivery	1.0624

PERFORMANCE CRITERIA

Payments for Firm Capacity are conditioned on the QF's ability to maintain the following performance criteria:

A. Capacity Delivery Date

The Capacity Delivery Date shall be no later than the projected in-service date of FPC's Avoided Unit (i.e., December 1, 2005.)

B. Availability and Capacity Factor

The Facility's availability and capacity factor are used in the determination of firm capacity payments through a performance based calculation as detailed in Appendix B to FPC's Standard Offer Contract.

METERING REQUIREMENTS

The QFs within the territory served by FPC shall be required to purchase from FPC hourly recording meters to measure their energy deliveries to FPC. Energy purchases from the QFs outside the Territory of FPC shall be measured as the quantities scheduled for interchange to FPC by the entity delivering Firm Capacity and Energy to FPC.

For the purpose of this Schedule, the on-peak hours shall be those hours occurring April 1 through October 31, from 11:00 a.m. to 10:00 p.m., and November 1 through March 31, from 6:00 a.m. to 12:00 noon and 5:00 p.m. to 10:00 p.m. prevailing Eastern time. FPC shall have the right to change such On-Peak Hours by providing the QF a minimum of thirty calendar days' advance written notice.

BILLING OPTIONS

A QF, upon entering into a Standard Offer Contract for the sale of firm capacity and energy or prior to delivery of as-available energy, may elect to make either simultaneous purchases from and sales to FPC, or net sales to FPC; provided, however, that no such arrangement shall cause the QF to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QF selling as-available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contact expires or is lawfully terminated by either the QF or FPC; 3) when the QF is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of rule 25-17.0832 or a contract between the QF and FPC.

If a QF elects to change billing methods, such changes shall be subject to the following: 1) upon at least thirty days advance written note to FPC; 2) the installation by FPC 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; and 3) upon completion and approval by FPC of any alteration(s) to the interconnection reasonably required to effect the change in billing and upon payment by the QF for such alteration(s).

Payments due a QF will be made monthly and normally by the twentieth business day following the end of the billing period. The kilowatt-hours sold by the QF and the applicable avoided energy rates at which payment are being made shall accompany the payment to the QF.

CHARGES TO QUALIFYING FACILITY

The QF shall be responsible for all applicable charges as currently approved or as they may be approved by the Florida Public Service Commission, including, but not limited to:

A. Retail Service Charges

The QF shall be responsible for all FPSC approved charges for any retail service that may be provided by FPC. The QF shall be billed $82.00 monthly for the costs of meter reading, billing, and other administrative costs.

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 FPC adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from FPC for actual costs progressively incurred by FPC in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than twelve (12) months toward the full cost of interconnection. In the latter case, FPC shall assess interest at a rate equal to the thirty(30) day highest grade commercial paper rate as published in the Wall Street Journal on the first business day of each month. Such interest shall be compounded monthly.

C. Interconnection Charge for Variable Utility Expenses

The QF shall be billed monthly for the variable utility expenses associated with the operation, maintenance and repair of the interconnection facilities. These include (a) FPC'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 FPC were involved.

The QF may pay a monthly charge equal to 0.50% of the installed cost of the interconnection facilities. This monthly rate shall be adjusted periodically.

D. Interconnection Charge for QF Locating North of Central Florida Substation

For a QF with a Facility located north of the latitude of FPC's Central Florida Substation, FPC shall perform a study, at QF's expense, to determine the extent to which the amount of power FPC can import over the Florida-Southern Interface is diminished by the location of the Facility north of the Central Florida Substation. QF shall reimburse FPC for the costs of acquiring import capability to replace that amount of capability lost as a result of the location of the Facility.

TERMS OF SERVICE

A. It shall be the QF's responsibility to inform FPC of any change in its electric generation capability.

B. Any electric service delivered by FPC to a QF located in FPC's service area shall be subject to the following terms and conditions:

(1) A QF shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.

(2) 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 FPC exceed, by the greatest amount, FPC'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 FPC 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 in FPC in that month.

(3) FPC shall specify the point of interconnection and voltage level.

(4) The QF must enter into an interconnection to FPC's system. Specific features of the QF and its interconnection to FPC's facilities will be considered by FPC in preparing the interconnection agreement.

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

SCHEDULE 1
TO RATE SCHEDULE COG-2

CALCULATION OF VALUE OF DEFERRAL PAYMENTS

APPLICABILITY

Schedule 1 provides a detailed description of the methodology used by FPC to calculate the monthly values of deferring or avoiding FPC's Avoided Unit identified in Schedule COG-2. When used in conjunction with the current FPSC-approved cost parameters associated with FPC's Avoided Unit contained in Schedule 2, a QF may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the QF enter into a Standard Offer Contract with FPC.

Also contained in Schedule 1 is the discussion of the types and forms of surety bond requirements or equivalent assurance for payment of the Termination Fee acceptable to FPC in the event of contractual default by a QF.

CALCULATION OF VALUE OF DEFERRAL OPTION A

FPSC Rule 25-17.0832(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a QF pursuant to FPC's Standard Offer Contract shall be defined as the year-by-year value of deferral of FPC's Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring FPC's Avoided Unit one year, and shall be calculated as follows:

$$VAC_m = 1/12\ [KI_n\ (1 - R) / (1 - R^L) + O_n]$$

Where, for a one year deferral:

VAC_m = utility's monthly value of avoided capacity, in dollars per kilowatt per month, for each month of year n;

K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;

R = $(1 + i_p)/ (1 + r)$;

I_n = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of FPC's Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction for FPC's Avoided Unit which would have been paid had the Unit been constructed;

O_n = total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year, of FPC's Avoided Unit;

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

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

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

L = expected life of FPC's Avoided Unit(s); and

n = year for which FPC's Avoided Unit(s) (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of FPC's Standard Offer Contract.

CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY-OPTION B

Under the fixed value of deferral Option A, payments for firm capacity shall not commence until the in-service date of FPC's Avoided unit(s). At the option of the QF, however, FPC may begin making payments for capacity consisting of the capital cost component of the value of a year-by-year deferral of FPC's Avoided Unit starting as early as three years prior to the anticipated in-service date of FPC's Avoided Unit. When such payments for capacity are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the Capacity Delivery Date of the QF, and shall be calculated as follows:

$$A_M = [A_c (1 + i_p)^{(m-1)} + A_o (1 + i_o)^{(m-1)}] / 12 \qquad \text{for } m = 1 \text{ to } t$$

Where:

A_M = monthly payments to be made to the QF for each month of the contract year n, in dollars per kilowatt per month in which QF delivers capacity pursuant to the early capacity option;

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

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

m = year for which the fixed value of deferral payments under the early capacity option are made to a QF, starting in year one and ending in the year t;

t = the term, in years, of the Standard Offer Contract:

A_c = $F [(1 - R) / (1 - R^t)]$

Where:

F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of FPC's Avoided Unit(s);

R = $(1 + i_p)/(1 + r)$

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

A_o = $G [(1 - R) / (1 - R^t)]$

Where:

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

R = $(1 + i_o)/ (1 + r)$

The currently approved parameters applicable to the formulas above are found in Schedule 2.

CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - LEVELIZED AND EARLY LEVELIZED CAPACITY - OPTION C & OPTION D, RESPECTIVELY

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

$$P_L = (F / 12) \cdot [r / 1 - (1 + r)^{-t}] + O$$

Where:

P_L	=	the monthly levelized capacity payment, starting on or prior to the in-service date of FPC's Avoided Unit(s):
F	=	the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of the capacity payments which would have been made had the capacity payments not been levelized;
r	=	the annual discount rate, defined as FPC's incremental after-tax cost of capital;
t	=	the term, in years of the Standard Offer Contract
O	=	the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with calculation of the fixed value of deferral payments for the levelized capacity or the early levelized capacity options.

RISK-RELATED GUARANTEES

With the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091, FPSC Rule 25-17.0832 paragraph (4)(e)10 requires that, when fixed value or deferral payments - early capacity, levelized capacity, or early levelized capacity are elected, the QF must provide a surety bond or equivalent assurance of securing the payment of a Termination Fee in the event the QF is unable to meet the terms and conditions of its Standard Offer Contract. Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of FPC's Standard Offer contract, one of the following may constitute an equivalent assurance of payment:

(1) Bond;
(2) Cash deposit(s) with FPC;
(3) Unconditional, irrevocable, direct pay letter of credit;
(4) Unsecured promise by a municipal, county or state government to repay payment for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric customers of such government to assure that payments for early or levelized capacity are repaid;
(5) Unsecured promise by a privately-owned QF to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from the owner(s) of the QF, parent company, and/or subsidiary companies located in Florida to assure that payments for early, levelized or early levelized capacity are repaid; or
(6) Other guarantees acceptable to FPC.

FPC will cooperate with each QF applying for fixed value of deferral payments under the early, levelized or early levelized capacity options to determine the exact form of an "equivalent assurance" for payment of the Termination Fee to be required based on the particular aspects of the QF. FPC will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the QF and FPC's ratepayers.

SCHEDULE 2
TO RATE SCHEDULE COG-2
CAPACITY OPTION PARAMETERS

FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for one year deferral:

			Value
VAC_m	=	FPC's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$4.58
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.461
I_n	=	total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of FPC's Avoided Unit with an in-service date of year n;	\$483.43
O_n	=	total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of FPC's Avoided Unit:	\$1.60
i_p	=	annual escalation rate associated with the plant cost of FPC's Avoided Unit;	2.0%
i_o	=	annual escalation rate associated with the operation and maintenance expense of FPC's Avoided Unit;	2.0%
r	=	annual discount rate, defined as FPC's incremental after-tax cost of capital;	8.39%
L	=	expected life of FPC's Avoided Unit;	25
n	=	year for which FPC's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	2005

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A_m	=	monthly avoided capital cost component of capacity payments to be made to the QF starting as early as three years prior to the anticipated in-service date of FPC's Avoided Unit, in dollars per kilowatt per month:	\$2.95

i_p	=	annual escalation rate associated with the plant cost of FPC's Avoided Unit;	2.0%
n	=	year for which early capacity payments to a QF are to begin;	2003
F	=	the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of FPC's Avoided Unit and continued for a period of 5 years;	$186.05
r	=	annual discount rate, defined as FPC's incremental after-tax cost of capital;	8.39%
t	=	the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing prior to the in-service date of FPC's Avoided Unit;	7
G	=	the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of FPC's Avoided Unit and continued for a period of 5 years.	$5.59

APPENDIX B
TO
FLORIDA POWER CORPORATION STANDARD OFFER CONTRACT

PAY FOR PERFORMANCE PROVISIONS
MONTHLY CAPACITY PAYMENT CALCULATION

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:

   A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 80%, then no Monthly capacity Payment shall be due. That is:

      MCP = 0

   B. In the event that the ACBF is equal to or greater than 80% but less than 90%, then the Monthly Capacity Payment shall be calculated by using the following formula:

      MCP = BCP [5x (ACBF - .7)] x CC

   C. In the event that the ACBF is equal to or greater than 90%, then the Monthly Capacity Payment shall be calculated by using the following formula:

      MCP = BCP x CC

   Where:

MCP	=	Monthly Capacity Payment in dollars.
BCP	=	Base Capacity Payment in $/kW/Month as specified in FPC's Rate Schedule COG-2.
CC	=	Committed Capacity in kW.
ACBF	=	Annual Capacity Billing Factor. This factor is calculated using the 12 month, rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the electric energy actually received by FPC for the 12 consecutive months preceding the date of calculation, divided by the product of the Committed Capacity and the number of hours in the 12 consecutive months preceding the date of calculation. During the first 12 consecutive Monthly Billing Periods commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of 12-month rolling

average Annual Capacity Billing Factor shall be performed as follows (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by electric energy actually received by FPC for the number of full consecutive months preceding the date of calculation, divided by the product of the Committed Capacity and the number of hours in the number of full consecutive months preceding the date of calculation. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor.

MCF	=	Monthly Capacity Factor. The total energy received during the Monthly Billing Period for which the calculation is made, divided by the product of Committed Capacity times the total hours during the Monthly Billing Period.
Monthly Billing Period	=	The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m., on the Capacity Delivery Date and ending with the last calendar day of such month.

APPENDIX C
TO
FLORIDA POWER CORPORATION STANDARD OFFER CONTRACT

TERMINATION FEE

The Termination Fee shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be) computed according to the following formula:

$$\sum_{i=1}^{n} (MCP_i - MCPC_i) \cdot t^{(n-i)}$$

with: MCPC = 0 for all periods prior to the in-service date of FPC's Avoided Unit:

where

i	=	number of Monthly Billing Period commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery date occurs = 1; the month following this month in which Capacity Delivery Date occurs = 2 etc.)
n	=	the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)
t	=	the future value of an amount factor necessary to compound a sum monthly so the annual percentage rate derived will equal FPC's incremental after-tax avoided cost of capital (defined as r in COG-2). For any Monthly Billing Period in which MCPC is greater than MCP, i shall equal t.
MCP_i	=	Monthly Capacity Payment paid to QF corresponding to the Monthly Billing Period i, calculated in accordance with Appendix B.
$MCPC_i$	=	Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period i, calculated in accordance with COG-2.

In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value equal to or greater than zero, the amount of the Termination Fee shall be increased by the amount of such value.

In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B is less than 80%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Termination Fee shall not be reduced for the applicable Monthly Billing Period.

b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 80% but less than 90%, than the Reduction Value shall be determined as follows:

Reduction Value = Initial Reduction Value x (5 x (ACBF - .78)]

For the applicable Monthly Billing period, the Termination Fee shall be reduced by the amount of such Reduction Value.

c. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 90%, then the Initial Reduction Value shall not be adjusted (Reduction Value = Initial Reduction Value), and the Termination Fee shall be reduced for the applicable Monthly Billing period by the amount of the Initial Reduction Value.

In no event shall FPC be liable to the QF at any time for any amount by which the Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).

APPENDIX D
TO
FLORIDA POWER CORPORATION STANDARD OFFER CONTRACT

DETAILED PROJECT INFORMATION

Each eligible Contract received by FPC will be evaluated to determine if the underlying QF project is financially and technically viable. The QF shall, to the extent available, provide FPC with a detailed project proposal which addresses the information requested below:

I. FACILITY DESCRIPTION

- Project Name
- Project Location

* Street Address
* Size Plot Plan
* Legal Description of Site

- Generating Technology
- Facility Classification (Cogenerator or Small Power Producer)
- Primary Fuel
- Alternate Fuel (if applicable)
- Committed Capacity
- Expected In-Service Date
- Steam Host (for cogeneration facilities)

* Street Address
* Legal Description of Steam Host
* Host's annual steam requirements (lbs./yr.)

- Contact Person

* Individual's Name and Title
* Company Name
* Address
* Telephone Number
* Fax Number

II. PROJECT PARTICIPANTS

- Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:

* Project Development
* Siting and Licensing the Facility
* Designing the Facility
* Constructing the Facility
* Securing the Fuel Supply
* Operating the Facility

- Provide details on all electrical facilities which are currently under construction or operational which were developed by the QF.

- Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders and the percentage of equity invested at financial closing.

III. FUEL SUPPLY

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (*e.g.* Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.

- Provide annual fuel requirements (AFR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.

- Provide a summary of the status of the fuel supply arrangements in place to meet the AFR, in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.

Category	Description of Fuel Supply Arrangement
owned =	fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm fuel contract exists between the developer(s) and fuel supplier(s)
LOI =	a letter of intent for fuel supply exists between developer(s) and fuel supplier(s)
SPP =	small power production facility will burn biomass, waste, or another renewable resource
spot =	fuel supply will be purchased on the spot market
none =	no firm fuel supply arrangement currently in place
other =	fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes deliver and, if so, to what location.

- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.

- Provide annual fuel transportation requirements (AFTR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.

- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFTR.

owned =	fuel transport via a fully developed system owned by one or more of the project participants
contract =	fully executed firm transportation contract exists between the developer(s) and fuel transporter(s)
LOI =	a letter of intent for fuel transport exists between developer(s) and fuel transporter(s)
spot =	fuel transportation will be purchased on the spot market
none =	no firm fuel transportation arrangement currently in place
other =	fuel transportation arrangement which does not fit any of the above categories (please describe)

- Provide the maximum, minimum and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.

- Provide information regarding QF's plans to maintain sufficient on site fuel to deliver capacity and energy for an uninterrupted seventy-two (72) hour period.

IV. PLANT DISPATCHABILITY/CONTROLLABILITY

- Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated:

  * Ramp Rate (MW/minute)
  * Peak Capability (% above Committed Capacity)
  * Minimum power level (% of Committed Capacity)

* Facility Turnaround Time, Hot to Hot (hours)
* Start-up Time from Cold Shutdown (hours)
* Unit Cycling (# cycles/yr.)
* MW and MVAR Control (ACC, Manual, Other (please explain))

V. SITING AND LICENSING

- Provide a licensing/permitting milestone schedule, which lists all permits, licenses and variances, required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.

- Provide a licensing/permitting plan that addresses the issues of air emission, water use, wastewater discharge, wetlands, endangered species, protected properties, solid waste, surrounding land use, zoning for the Facility, associated linear facilities and support of and opposition to the Facility.

- List the emission/effluent discharge limits the Facility will meet and describe in detail the pollution control equipment to be used to meet these limits.

VI. FACILITY DEVELOPMENT AND PERFORMANCE

- Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, FPC contractor and Facility operator, steam host integration and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.

- Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.

- Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.

- Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one line diagram for the Facility.

- State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75% and 50%. In addition, attach a preliminary heat balance for the Facility.

- If the Facility will be a cogenerator under FPSC Rule 25-17.080, provide a detailed description of the power plant/steam host interrelationship. Indicate the host's annual steam requirements and the length of time the Facility can operate without the host. Calculate the Facility's expected PURPA operating standard and efficiency standard and list the assumptions used to make the calculations.

VII. FINANCIAL

- Provide FPC with assurances that the proposed QF project is financially viable in accordance with FPSC Rule 25-17.0832(4)(c) by attaching a detailed pro-forma cash flow analysis. The pro-forma must include, at a minimum, the following assumptions for each year of the project.

- Annual Project Revenues

  * Capacity Payments ($ and $/kW/Mo.)
  * Variable O&M ($ and $/MWh)
  * Energy ($ and $/MWh)
  * Steam Revenues ($ and %/lb.)
  * Tipping Fees ($ and $/ton)
  * Interest Income
  * Other Revenues
  * Variable O&M Escalation (%/yr.)
  * Energy Escalation (%/yr.)
  * Steam Escalation (%/yr.)
  * Tipping Fee Escalation (%/yr.)

- Annual Project Expense

  * Fixed O&M ($ and $/kW/Mo.)
  * Variable O&M ($ and $/MWh)
  * Energy ($ and $/MWh)
  * Property Taxes ($)
  * Insurance ($)
  * Emission Compliance ($ and $/MWh)
  * Depreciation ($ and %/yr.)
  * Other Expenses ($)
  * Fixed O&M Escalation (%/yr.)
  * Variable O&M Escalation (%/yr.)
  * Energy Escalation (%/yr.)

- Other Project Information

  * Installed Cost of the Facility ($ and $/kW)
  * Committed Capacity (kW)
  * Average Heat Rate - HHV (MBTU/kWh)
  * Federal Income Tax Rate (%)
  * Facility Capacity Factor (%)
  * Energy Sold to FPC (MWh)

- Permanent Financing

  * Permanent Financing Term (yr.)
  * Project Capital Structure (percentage of long-term debt, subordinated debt, tax exempt debt and equity)
  * Financing Costs (cost of long-term debt, subordinated debt, tax exempt debt and equity)
  * Annual Interest Expense
  * Annual Debt Service ($)
  * Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)

- Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.

- Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.

APPENDIX E
FPSC RULES 25-17.080 THROUGH 25-17.091
ARE PROVIDED IN SECTION VIII
ON THIS TARIFF BOOK

EXHIBIT B

FLORIDA POWER CORPORATION'S PROPOSED STANDARD OFFER CONTRACT AND ACCOMPANYING RATE SCHEDULE COG-2 (LEGISLATIVE FORMAT)

STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS, OR A SOLID WASTE FACILITY

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STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS, OR A SOLID WASTE FACILITY

between

____

and

FLORIDA POWER CORPORATION

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STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS, OR A SOLID WASTE FACILITY

THIS CONTRACT is made and entered this ___ day of _________, _____ , by and between _____________________________ (hereinafter "the QF"), and Florida Power Corporation (hereinafter "FPC"), a private utility corporation organized and existing under the laws of the State of Florida. The QF and FPC shall be identified herein as the "Parties". This Contract contains five Appendices which are incorporated into and made part of this agreement: Appendix A: Rate Schedule COG-2; Appendix B: Pay for Performance Provisions, Monthly Capacity Payment Calculation; Appendix C: Termination Fee; Appendix D: Detailed Project Information; and Appendix E, Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17.091, F.A.C.

WITNESSETH:

WHEREAS, the QF desires to sell, and FPC desires to purchase electricity to be generated by the QF consistent with FPSC Rules 25-17.080 through 25-17.091 F.A.C.; and

WHEREAS, the QF has signed an interconnection agreement with FPC ("Interconnection Agreement"), or has signed an interconnection/transmission service ("wheeling") agreement with the utility in whose service territory the Facility is to be located, pursuant to which the QF assumes contractual responsibility to make any and all wheeling-related arrangements (including control area services) between the QF and the wheeling utility for delivery of the Facility's firm capacity and energy to FPC; and

WHEREAS, the FPSC has approved this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or other Qualifying Facility using renewable or non-fossil fuel, a Qualifying Facility with a design capacity of 100 KW or less, or a Solid Waste Facility; and

WHEREAS, the QF guarantees that the Facility is capable of delivering firm capacity and energy to FPC for the term of this Contract in a manner consistent with the provision of this Contract;

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

1. Facility; Qualifying Status

The QF contemplates installing and operating a ____________ KVA ____________ generator located at ______________________________ (hereinafter called the "Facility"). The generator is designed to produce a maximum of ____________ kilowatts (kW) of electric power at a 90% lagging to 90% leading power factor. The facility's location and generation capabilities are as described in the table below.

TECHNOLOGY AND GENERATOR CAPABILITIES	
Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)	City: County:
Generator Type (Induction or Synchronous)	
Type of Facility (Cogeneration, Small Power Production, MSW)	
Technology	
Fuel Type and Source	
Generator Rating (KVA)	
Maximum Capability (kW)	
Net Output (kW)	
Power Factor (%)	
Operating Voltage (kV)	
Peak Internal Load kW	

The QF's failure to complete the foregoing table in its entirety shall render this Contract null and void and of no further effect.

The Facility has been certified or has self-certified as a "qualifying facility" pursuant to the regulations of the Federal Energy Regulatory Commission ("FERC"). The QF shall maintain the "qualifying" status of the Facility throughout the term of this Contract. Any information provided to FERC regarding QF's qualifying status shall at the same time be provided to FPC. QF shall at all times keep FPC informed of any material changes in its business which affect its qualifying status. FPC shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QF that FPC deems necessary to verify the Facility's qualifying status. On or before March 31 of each year during the term of this Contract, the QF shall provide to FPC a certificate signed by an officer of the QF certifying that the QF continuously maintained qualifying status during the prior calendar year.

2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m., ~~January 1, 2006~~ December 31, 2009, unless terminated earlier in accordance with the provisions hereof.

Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the QF before January 1, ~~2001~~ 2005 (or such later date as may be permitted by FPC pursuant to Section 5), FPC's obligations under this Contract shall be rendered of no force and effect.

3. Minimum Specifications

As required by FPSC Rule 25-17.0832(a), below are the minimum specifications pertaining to this Contract:

0. The avoided unit ("Avoided Unit") on which this Contract is based is a 20 MW portion of a ~~90 MW combustion turbine~~ 530 MW combined cycle unit.

1. The total Committed Capacity needed to fully subscribe the Avoided Unit is 20 MW (the "Subscription Limit").

2. This offer shall expire on the earlier of (i) the date of the subscription limit is fully subscribed or (ii) ~~July 1, 2000~~ 2 weeks after approval of this standard offer by the Florida Public Service Commission.

3. The date by which firm capacity and energy deliveries from the QF to FPC shall commence is ~~January~~ December 1, ~~2001~~ 2005 unless the Facility chooses capacity payments under Options B, C, or D, pursuant to the terms of this Contract.

4. The period of time over which firm capacity and energy shall be delivered from the QF to FPC is the five- (5) year period beginning on ~~January~~ December 1, ~~2001~~ 2005.

5. The following are the minimum performance standards for the delivery of firm capacity and energy by the QF to qualify for full capacity payments under this Contract:

	On Peak*	Off Peak
Availability:	~~98~~ 90%	~~98~~ 90%

* QF Performance and On Peak hours shall be as measured and/or described in FPC's Rate Schedule COG-2 attached hereto as Appendix B.

4. Sale of Electricity by the QF

4.1 Purchase by FPC

Consistent with the terms hereof, the QF shall sell to FPC and FPC shall purchase from the QF electric power generated by the Facility. The purchase and sale of electricity pursuant to this Contract shall be a ( ) net billing arrangement or ( ) simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause the QF to sell more than the Facility's net output. The billing methodology may be changed at the option of the QF, subject to the provisions of FPC Rate Schedule COG-2.

4.2 The QF shall not rely on interruptible standby service for the start up requirements (initial or otherwise) of the Facility.

5. Committed Capacity/Capacity Delivery Date

5.1 The QF commits to sell capacity to FPC, the amount of which shall be determined in accordance with this Section 5 and Appendix A (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity is set at _______ kW, with an expected Capacity Delivery Date of ~~January~~ December 1, ~~2001~~ 2005.

5.2 Testing of the capacity of the Facility (each such test a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than December 1, ~~2000~~ 2002 and testing must be completed by 11:59 p.m., ~~December 31~~ November 30, ~~2000~~ 2004. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1 the QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.

5.3 In addition to the first Committed Capacity Test, FPC shall have the right to require the QF, by notice thereto, to validate the Committed Capacity by means of a Committed Capacity Test at any time, up to six (6) times per year, the results of which shall be provided to FPC within seven (7) calendar days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 5.1.

5.4 Notwithstanding anything to the contrary herein, the Committed Capacity may not exceed the amount set forth in Section 5.1 without the consent of FPC to be granted in FPC's sole discretion.

5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test.

5.6 In no event shall FPC make capacity payments to the QF prior to the Capacity Delivery Date.

5.7 The QF shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or after January 1, ~~2000~~ 2003 and on or before ~~January~~ December 1, ~~2001~~ 2005 (or such later date permitted by FPC pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before ~~January~~ December 1, ~~2001~~ 2005, FPC shall immediately be entitled to draw down the Completion/Performance security in full.

6. Testing Procedures

6.1 The Committed Capacity Test must be completed successfully within a sixty-hour period (the "Demonstration Period"), which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the QF by means of a written notice to FPC delivered at least thirty (30) calendar days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test ordered by FPC under any of the provisions of this Contract. FPC shall have the right to be present onsite to monitor firsthand any Committed Capacity Test required or permitted under this Contract.

6.2 The Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net kW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. The Committed Capacity Test Period shall commence at the time designated by the QF pursuant to Section 6.1 or at such time requested by FPC pursuant to Section 5.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that FPC is notified of, and consents to, such earlier time.

6.3 Normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period. Normal deliveries of the contracted quantity and quality of cogenerated steam to the steam host, if any, shall be required during the Committed Capacity Test Period.

6.4 The Capacity of the Facility (the "Capacity") shall be the minimum average hourly net capacity (generator output minus auxiliary) measured over the Committed Capacity Test Period.

6.5 The Committed Capacity Test shall be performed according to standard industry testing procedures for the appropriate technology of the QF.

6.6 The results of any Committed Capacity Test, including all data related to facility operation and performance during testing, shall be submitted to FPC by the QF within seven (7) calendar days of the conclusion of the Committed Capacity Test. The QF shall certify that all such data is accurate and complete.

7. Payment for Electricity Produced by the Facility

7.1 Energy

FPC agrees to pay the QF for energy produced by the Facility and delivered to FPC in accordance with the rates and procedures contained in FPC's approved Rate Schedule COG-2, attached hereto as Appendix A, as it may be amended from time to time. The Parties agree that this Contract shall be subject to all of the provisions contained in Rate Schedule COG-2 as approved and on file with the FPSC.

7.2 Capacity

FPC agrees to pay the QF for the capacity described in Section 5 in accordance with the rates and procedures contained in Rate Schedule COG-2, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option __________ of Rate Schedule COG-2. The QF understands and agrees that Capacity payments will only be made under Option B, Option C, or Option D if the QF has achieved the Capacity Delivery Date and is delivering firm capacity and energy to FPC. Once so selected, this option cannot be changed for the life of this Contract.

7.3 Payments

Payments due the QF will be made monthly, and normally by the twentieth business day following the end of the billing period. The kilowatt-hours sold by the QF and the applicable avoided energy rate at which payments are being made shall accompany the payment to the QF.

8. Electricity Production and Plant Maintenance Schedule

8.1 No later than sixty (60) calendar days prior to the Capacity Delivery Date, and prior to October 1 of each calendar year thereafter during the term of this Contract, the QF shall submit to FPC in writing a detailed plan of the amount of electricity to be generated by the Facility and delivered to FPC for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in capacity.

8.2 By October 31 of each calendar year, FPC shall notify the QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPC does not accept any of the requested scheduled maintenance periods, FPC shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QF shall only schedule outages during periods approved by FPC, and such approval shall not be unreasonably withheld. Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such change is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to ~~seven (7)~~ twenty-one (21) days per calendar year. In no event shall maintenance periods be scheduled during the following periods: June 1 through September 15 and December 1 through and including February 28 (or 29th as the case may be).

8.3 The QF shall comply with reasonable requests by FPC regarding day-to-day and hour-by-hour communication between the Parties relative to electricity production and maintenance scheduling.

8.4 Dispatch and Control

8.4.1 Power supplied by the QF hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of ______ volts (_______ kV) and power factor dispatchable and controllable in the range of 90% lagging to 90% leading as measured at the interconnection point to maintain system operating parameters, including power factor, as specified from time to time by FPC.

8.4.2 The QF shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPC's system, except for normal testing and repair in accordance with good engineering and operating practices as agreed by the Parties. The QF shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal testing and repair. All QF facilities shall meet IEEE and industry standards. The QF shall have independent, third party qualified personnel test, calibrate and certify in writing all protective equipment at least once every twelve (12) months in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and results provided to FPC in writing prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices as agreed by the Parties.

8.4.3 If the Facility is separated from the FPC system for any reason, under no circumstances shall the QF reconnect the Facility to FPC's system without first obtaining FPC'S specific approval.

8.4.4 During the term of this Contract, the QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPC. The QF shall ensure that operating personnel are on duty at all times, twenty-four (24) hours a calendar day and seven (7) calendar days a week. Additionally, during the term of this Contract, the QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder and in accordance with applicable law and prudent utility practices.

8.4.5 FPC shall not be obligated to purchase, and may require curtailed or reduced deliveries of energy to the extent allowed under FPSC Rule 25-17.086 and under any curtailment plan which FPC may have on file with the FPSC from time to time.

~~**8.4.6** FPC may, at any time during the term hereof, by oral, written, or electronic notification to the QF, request the QF to deliver capacity and associated energy up to the full Committed Capacity to meet FPC's system requirements. The QF shall comply with such request within ten (10) minutes of receiving such notification from FPC. Any clock hour for which FPC requests the delivery of such capacity and energy ("Scheduled Energy") shall be referred to herein as a "Dispatch Hour".~~

~~8.4.7~~ 8.4.6 During the term of this Contract, the QF shall maintain sufficient fuel on the site of the Facility to deliver the capacity and energy associated with the Committed Capacity for an uninterrupted seventy-two- (72) hour period. At FPC's request, the QF shall demonstrate this capability to FPC's reasonable satisfaction. During the term of this Contract, the QF's output shall remain within a band of plus or minus ten percent (10%) of the daily output level or levels specified by the plant operator, in ninety percent (90%) of all operating hours under normal operating conditions. This calculation will be adjusted to exclude forced outage periods and periods during which the QF's output is affected by a Force Majeure event.

9. Completion/Performance Security

9.1 As security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, the QF shall provide FPC either: (a) an unconditional, irrevocable, direct-pay letter(s) of credit in effect through the first (1st) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a financial institution(s) having an investment grade credit rating, in form and substance acceptable to FPC (including provisions (i) permitting partial and full draws and (ii) permitting FPC to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least ten (10) business days prior to its expiration date); (b) a cash deposit(s) with FPC; or (c) a bond issued by a financially sound company in form and substance acceptable to FPC. Such letter(s) of credit, cash deposit(s) or bond shall be provided in the amount and by the date listed below:

9.1.1 $30.00 per kW (as set forth in Section 5.1) within thirty (30) calendar days of the execution of this Contract by the Parties hereto.

The specific security instrument provided for purposes of this Contract is:

( ) Unconditional, irrevocable, direct-pay letter(s) of credit.
( ) Bond.
( ) Cash deposit(s) with FPC.

9.2 FPC shall have the right and the QF shall be required to monitor the financial condition of the issuer(s) in the event any letter of credit is provided by the QF. In the event the senior debt rating of any issuer(s) hasdeteriorated to a level below investment grade, FPC may require the QF to replace the letter(s) of credit. Replacement letter(s) of credit must be issued by a financial institution(s) with an investment grade credit rating, and meet the requirements of Section 9.1, within thirty (30) calendar days following written notification to the QF of the requirement to replace. Failure by the QF to comply with the requirements of this Section 9.3 shall be grounds for FPC to draw in full on the existing letter of credit and to exercise any other remedies it may have hereunder.

9.3 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule ~~35~~ 25-17.091(4), F.A.C., a QF qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), Fla. Stat., respectively, may use an unsecured promise to pay by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder. Within one year of execution of this agreement and annually thereafter, QF shall supply to FPC an audited, comprehensive financial statement of such local government which shall demonstrate that the local government continues its promise to pay and continues to possess the financial wherewithal to honor such promise.

9.4 If an Event of Default under Section 12 occurs, FPC shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-applicable Completion/Performance Security.

9.5 If an Event of Default has not occurred and the QF fails to achieve the Capacity Delivery Date on or before ~~January~~ December 1, ~~2001~~ 2005, FPC shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the Completion/Performance Security. The Parties acknowledge that the injury that FPC will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPC may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date is achieved on or before November 1, ~~2001~~ 2005, then the QF shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to $15.00 per kW (for the number of kW set forth in Section 5.1).

9.6 In the event that FPC requires the QF to perform one or more Committed Capacity Test(s) at any time pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QF fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPC shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-remaining amount of the Completion/Performance Security.

10. Termination Fee

10.1 In the event that the QF receives capacity payments pursuant to Option B, Option C, or Option D, then upon the termination of this Contract, the QF shall owe and be liable to FPC for a termination fee calculated in accordance with Appendix C (the "Termination Fee"). The Termination Fee is in the nature of liquidated damages due as a consequence of terminating this Contract. The QF's obligation to pay the Termination Fee shall survive the termination of this Contract. FPC shall provide the QF, on a monthly basis, a calculation of the Termination Fee.

10.1.1 The Termination Fee shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091) by the QF by: (i) an unconditional, irrevocable, direct pay letter(s) of credit issued by a financial institution(s) with an investment grade credit rating in form and substance acceptable to FPC (including provisions (a) permitting partial and full draws and (b) permitting FPC to draw upon such letter of credit, in full, if such letter of credit is not renewed or replaced at least ten (10) business days prior to its expiration date: (ii) a bond issued by a financially sound company in form and substance acceptable to FPC; or (iii) a cash deposit with FPC (any of (i), (ii), or (iii), the "Termination Security"). In the case of QF operating as a solid waste facility pursuant to section 9.4 of this agreement, the Termination Fee shall be secured by an unsecured promise to pay, by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to pay on a timely basis the Termination Fee. Within one year of execution of this agreement and annually thereafter, QF shall supply to FPC an audited, comprehensive financial statement of such local government which shall demonstrate that the local government continues its promise to pay the Termination Fee and continues to possess the financial wherewithal to honor such promise. The specific security instrument selected by the QF for purposes of this Contract is:

( ) Unconditional, irrevocable, direct pay letter(s) of credit.
( ) Bond.
( ) Cash deposit(s) with FPC.

10.1.2 FPC shall have the right and the QF shall be required to monitor the financial condition of (i) the issuer(s) in the case of any letter of credit and (ii) the insurer(s), in the case of any bond. In the event the senior debt rating of any issuer(s) or insurer(s) has deteriorated to a level below investment grade, FPC may require the QF to replace the letter(s) of credit or the bond, as applicable. In the event that FPC notifies the QF that it requires such a replacement, the replacement letter(s) of credit or bond, as applicable, must be issued by a financial institution(s) or insurer(s) with an investment grade credit rating, and meet the requirements of Section 10.1.1 within thirty (30) calendar days following such notification. Failure by the QF to comply with the requirements of this Section 10.1.2 shall be grounds for FPC to draw in full on any existing letter of credit or bond and to exercise any other remedies it may have hereunder.

10.1.3 After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, upon FPC's issuance of the Termination Fee calculation as described in Section 10.1, the QF must provide FPC, within ten calendar (10) days, written assurance and documentation (the "Security Documentation"), in form and substance acceptable to FPC, that the amount of the Termination Security is sufficient to cover the balance of the Termination Fee. In addition to the foregoing, at any time during the term of this Contract, FPC shall have the right to request and the QF shall be obligated to deliver within five (5) calendar days of such request, such Security Documentation. Failure by the QF to comply with the requirements of this Section 10.1.3 shall be grounds for FPC to draw in full on any existing letter of credit or bond or to retain any cash deposit, and to exercise any other remedies it may have hereunder.

10.1.4 Upon any termination of this Contract following the Capacity Delivery Date, FPC shall be entitled to receive (and in the case of the letter(s) of credit or bond, draw upon such letter(s) of credit or bond) and retain one hundred percent (100%) of the Termination Security.

11. Performance Factor

FPC desires to provide an incentive to the QF to operate the Facility during on-peak and off-peak periods in a manner that approximates the projected performance of FPC's Avoided Unit. A formula to achieve this objective is attached as Appendix B.

12. Default

Notwithstanding the occurrence of any Force Majeure as described in Section 16, each of the following shall constitute an Event of Default:

(a) The QF fails to maintain the "qualifying" status of the Facility specified in Section 1 of this Contract;

(b) The QF changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPC;

(c) After the Capacity Delivery Date, the Facility fails for twelve (12) consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least ~~ninety~~ eighty percent ~~(90%)~~ (80%);

~~(d) The QF fails to satisfy its obligation under Section 8.4.6 hereof more than two (2) times in a calendar year;~~

~~(e)~~ (d) The QF fails to satisfy its obligations under Section 8.4.~~7~~6 hereof;

~~(f)~~ (e) The QF fails to comply with any of the provisions of Section 9 hereof;

~~(g)~~ (f) The QF fails to comply with any of the provisions of Section 10 hereof;

~~(h)~~ (g) The QF, or the entity which owns or controls the QF, ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QF or the entity which owns or controls the QF; or if a receiver shall be appointed for the QF or any of its assets or properties, or for the entity which owns or controls the QF; or if any part of the

QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within thirty (30) calendar days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;

~~(i)~~ (h) The QF fails to give proper assurance of adequate performance as specified under this Contract within thirty (30) calendar days after FPC, with reasonable grounds for insecurity, has requested in writing such assurance;

~~(j)~~ (i) The QF materially fails to perform as specified under this Contract, including but not limited to, the QF's obligations under Sections 8, 9, 10, and 14-18;

~~(k)~~ (j) The QF fails to achieve licensing, certification, and all federal, state and local governmental, environmental, and licensing approvals required to initiate construction of the Facility by no later than ~~January~~ December 1, ~~2000~~ 2004;

~~(l)~~ (k) The QF fails to comply with any of the provisions of Section 18.3 hereof;

~~(m)~~ (l) Any of the representations or warranties made by the QF in this Contract is false or misleading in any material respect as of the time made;

~~(n)~~ (m) The occurrence of an event of default by the QF under the Interconnection Agreement;

~~(o)~~ (n) If, at any time after the Capacity Delivery Date, the QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure;

~~(p)~~ (o) The QF breaches any material provision of this Contract not specifically mentioned in this Section 12.

13. FPC's Rights in the Event of Default

13.1 Upon the occurrence of any of the Events of Default in Section 12, FPC may, at its option:

13.1.1 Terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the QF, and offset against any payment(s) due from FPC to the QF, any monies otherwise due from the QF to FPC;

13.1.2 Enforce the provisions of the Termination Security requirement pursuant to Section 10 hereof;

13.1.3 Exercise any other remedy(ies) which may be available to FPC at law or in equity.

13.2 Termination shall not affect the liability of either Party for obligations arising prior to such termination or for damages, if any, resulting from any breach of this Contract.

14. Indemnification

14.1 FPC and the QF shall each be responsible for its own facilities. FPC and the QF shall each be responsible for ensuring adequate safeguards for other FPC customers, FPC's and the QF's personnel and equipment, and for the protection of its own generating system. Each Party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other Party (the "Indemnifying Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "FPC Entities" and "QF Entities") from and against any and all claims, demands, costs or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) caused by, arising out of, or resulting from:

(a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder;

(b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system;

(c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system;

(d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or

(e) any other event or act that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees.

14.2 Payment by an Indemnified Party to a third party shall not be a condition precedent to the obligations of the Indemnifying Party under Section 14. No Indemnified Party under Section 14 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 14 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 14 shall survive termination of this Agreement.

15 Insurance

15.1 The QF shall procure or cause to be procured and shall maintain throughout the entire term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable to FPC on a standard "Insurance Services Office" commercial general liability form (such policy or policies, collectively, the "QF Insurance"). A certificate of insurance shall be delivered to FPC at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the QF Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract and the Interconnection Agreement, or (ii) caused by operation of the Facility or any of the QF's equipment or by the QF's failure to maintain the Facility or the QF's equipment in satisfactory and safe operating condition. Effective at least fifteen (15) calendar days prior to the synchronization of the Facility with FPC's system, the QF Insurance shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards. Without limiting the foregoing, the QF Insurance must be reasonably acceptable to FPC. Any premium assessment or deductible shall be for the account of the QF and not FPC.

15.2 The QF Insurance shall have a minimum limit of One Million Dollars ($1,000,000.00) per occurrence, combined single limit, for bodily injury (including death) or property damage.

15.3 To the extent that the QF Insurance is on a " claims made " basis, the retroactive date of the policy(ies) shall be the effective date of this Contract or such other date as may be agreed upon to protect the interests of the FPC Entities and the QF Entities. Furthermore, to the extent the QF Insurance is on a "claims made" basis, the QF's duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the QF Insurance is on an "occurrence" basis, such insurance shall be maintained in effect at all times by the QF during the term of this Contract.

15.4 The QF Insurance shall provide that it may not be cancelled or materially altered without at least thirty (30) calendar days' written notice to FPC. The QF shall provide FPC with a copy of any material communication or notice related to the QF Insurance within ten (10) business days of the QF's receipt or issuance thereof.

15.5 The QF shall be designated as the named insured and FPC shall be designated as an additional named insured under the QF Insurance. The QF Insurance shall be endorsed to be primary to any coverage maintained by FPC.

16. Force Majeure

Force Majeure is defined as an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control of and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of civil or military authority (including courts and governmental or administrative agencies), acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes or difficulties (not caused by the failure of the affected party to comply with the terms of a collective bargaining agreement). QF equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility, or a QF failure to obtain on a timely basis and maintain a necessary permit or other regulatory approval, shall not be considered an event of Force Majeure, unless the QF can conclusively demonstrate, to the reasonable satisfaction of FPC, that the event was not reasonably foreseeable, was beyond the QF's reasonable control and was not caused by the negligence or lack of due diligence of the QF or its agents, contractors or suppliers.

16.2 Except as otherwise provided in this Contract, each Party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.

16.3 In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party claiming Force Majeure shall notify the other Party in writing within five (5) business days of the occurrence of the event of Force Majeure, of the nature cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A Party claiming Force Majeure shall not be entitled to any relief therefor unless and until conforming notice is provided. The Party claiming Force Majeure shall notify the other Party of the cessation of the event of Force Majeure or of the conclusion of the affected Party's cure for the event of Force Majeure in either case within two (2) business days thereof.

16.3 The Party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected Party and such Party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such Party deems to be unfavorable.

16.4 If the QF suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QF may, upon notice to FPC temporarily adjust the Committed Capacity as provided in Sections 16.5 and 16.6. Such adjustment shall be effective the first calendar day immediately following FPC's receipt of the notice or such later date as may be specified by the QF. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.

16.5 If the Facility is rendered completely inoperative as a result of Force Majeure, the QF shall temporarily set the Committed Capacity equal to 0 kW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 kW, FPC shall have no obligation to make capacity payments hereunder.

16.6 If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the QF shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.

16.7 Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provisions of this Contract, upon such cessation or cure, FPC shall have right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPC under this Section shall be additional to any Committed Capacity Test under Section 5.3.

Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provisions of this Contract, upon such cessation or cure, FPC shall have right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPC under this Section shall be additional to any Committed Capacity Test under Section 5.3.

16.8 During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 16.4 all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay-for-performance provisions in Appendix B.

16.9 The QF agrees to be responsible for and pay the costs necessary to reactivate the Facility and/or the interconnection with FPC's system if the same is (are) rendered inoperable due to actions of the QF, its agents, or Force Majeure events affecting the QF, the Facility or the interconnection with FPC. FPC agrees to reactivate, at is own cost, the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by FPC or its agents.

17. Representations, Warranties, and Covenants of QF

The QF represents and warrants that as of the Effective Date:

17.1 Organization, Standing and Qualification

The QF is a __________ (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of ___________ and has all necessary power and authority to carry on its business as presently conducted to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The QF is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on FPC.

17.2 Due Authorization, No Approvals, No Defaults

Each of the execution, delivery and performance by the QF of this Contract has been duly authorized by all necessary action on the part of the QF, does not require any approval, except as has been heretofore obtained, of the ____________ (shareholders, partners, or others, as applicable) of the QF or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the QF, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the ______________ (articles of incorporation, bylaws, or other as applicable) of the QF, or any agreement, judgement, injunction, order, decree or other instrument binding upon the QF, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract.

17.3 Compliance with Laws

The QF has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The QF is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the QF or FPC.

17.4 Governmental Approvals

Except as expressly contemplated herein, neither the execution and delivery by the QF of this Contract, nor the consummation by the QF of any of the transaction contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of governmental authority, except in respect of permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the QF has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefor).

17.5 No Suits, Proceedings

There are no actions, suits, proceedings or investigations pending or, to the knowledge of the QF, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the QF's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The QF has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment.

17.6 Environmental Matters

To the best of its knowledge after diligent inquiry, the QF knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.

18. General Provisions

18.1 Project Viability

To assist FPC in assessing the QF's financial and technical viability, the QF shall provide the information and documents requested in Appendix D or substantially similar documents, to the extent the documents apply to the type of Facility covered by this Contract and to the extent the documents are available. All documents to be considered by FPC must be submitted at the time this Contract is presented to FPC. Failure to provide the following such documents may result in a determination of non-viability by FPC.

18.2 Permits

The QF hereby agrees to obtain and maintain any and all permits, certifications, licenses, consents or approvals of any governmental authority which the QF is required to obtain as a prerequisite to engaging in the activities specified in this Contract.

18.3 Project Management

If requested by FPC, the QF shall submit to FPC its integrated project schedule for FPC's review within sixty (60) calendar days from the execution of this Contract, and a start-up and test schedule for the Facility at least sixty (60) calendar days prior to start-up and testing of the Facility. These schedules shall identify key licensing, permitting, construction and operating milestone dates and activities. If requested by FPC, the QF shall submit progress reports in a form satisfactory to FPC every calendar month until the Capacity Delivery Date and shall notify FPC of any changes in such schedules within ten (10) calendar days after such changes are determined. FPC shall have the right to monitor the construction, start-up and testing of the Facility, either on-site or off-site. FPC's technical review and inspections of the Facility and resulting requests, if any, shall not be construed as endorsing the design thereof or as any warranty as to the safety, durability or reliability of the Facility.

The QF shall provide FPC with the final designer's/manufacturer's generator capability curves, protective relay types, proposed protective relay settings, main one-line diagrams, protective relay functional diagrams, and alternating current and direct elementary diagrams for review and inspection at FPC no later than one hundred eighty (180) calendar days prior to the initial synchronization date.

18.4 Assignment

The QF may not assign this Contract, without FPC's prior written approval, which approval may be withheld at FPC's sole discretion.

18.5 Disclaimer

In executing this Contract, FPC does not, nor should it be construed, to extend its credit or financial support for benefit of any third parties lending money to or having other transactions with the QF or any assigns of this Contract.

18.6 Notification

All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, or sent by fax if followed immediately with a copy sent by registered or certified mail, to the individuals designated below. The Parties designate the following individuals to be notified or to whom payment shall be sent until such time as either Party furnishes the other Party written instructions to contact another individual:

For the QF:	For FPC:
______________________________	Florida Power Corporation
______________________________	Manager, Purchased Power Resources
	~~263 13th Avenue South~~ 200 Central Avenue
______________________________	
______________________________	St. Petersburg, FL 33701

This signed Contract and all related documents may be presented no earlier than 8:00 a.m. on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

Florida Power Corporation
~~263 13th Avenue South~~ 200 Central Avenue
St. Petersburg, FL 33701

Attention: Manager, Purchased Power Resources

18.7 Applicable Law

This Contract shall be construed in accordance with and governed by, and the rights of the parties shall be construed in accordance with the laws of the State of Florida.

18.8 Taxation

In the event that FPC becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Services determination, through audit, ruling or other authority, that FPC's payments to the QF for capacity under Options B, C, or D are not fully deductible when paid (additional tax liability), FPC 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 capacity payments are not currently deductible for federal and/or state income tax purposes. FPC at its option, may offset these costs against amounts due the QF hereunder. These costs would be calculated so as to place FPC in the same economic position in which it would have been if the entire capacity payments had been deductible in the period in which the payments were made. If FPC 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 FPC.

18.9 Severability

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

18.10 Complete Agreement and Amendments

All previous communications or agreements between the Parties, whether verbal or written, with reference to the subject matter of this Contract are hereby abrogated. No amendment or modification to this Contract shall be binding unless it shall be set forth in writing and duly executed by both Parties. This Contract constitutes the entire agreement between the Parties.

18.11 Survival of Contract

This Contract, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties' respective successors-in-interest and legal representatives.

18.12 Record Retention

The QF agrees to remain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder, and to cause all QF Entities to retain for the same period all such records.

18.13 No Waiver

No waiver of any of the terms and conditions of this Contract shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any wavier of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The failure of a Party to insist, in any instance, on the strict performance of any of the terms and conditions hereof shall not be construed as a waiver of such Party's right in the future to insist on such strict performance.

18.14 Set-Off

FPC may at any time, but shall be under no obligation to, set off any and all sums due from the QF against sums due to the QF hereunder.

IN WITNESS WHEREOF, the QF and FPC executed this Contract on the later of the dates set forth below.

QF	**FLORIDA POWER CORPORATION**
Signature	Signature
Print Name	Print Name
Title	Title
Date	Date

APPENDIX A
TO
FLORIDA POWER CORPORATION STANDARD OFFER CONTRACT
RATE SCHEDULE COG-2

SCHEDULE

COG-2, Firm Capacity and Energy

AVAILABLE

FPC will, under the provisions of this Schedule and FPC's Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or Other Qualifying Facility ("Standard Offer Contract") to which this Appendix is attached and incorporated into by reference, purchase firm capacity and energy offered by a Qualifying Facility pursuant to FPSC Rule 25-17.0832 (4). FPC's obligation to contract to purchase firm capacity from such QFs by means of this schedule and the Standard Offer Contract will continue only as long as, and the extent that, the 20 MW subscription limit is not exceeded and, in any event, no later than 2 weeks after approval of this standard offer by the Florida Public Service Commission. FPC's obligation to purchase firm capacity by means of this rate schedule and the Standard Offer Contract from QFs locating north of the latitude of FPC's Central Florida Substation is conditioned upon FPC being able to acquire import capability to replace that amount of Florida-Southern Interface import capability lost as a result of the location of the Facility.

APPLICABLE

To Qualifying Facilities as specified in FPSC Rule 25-17.0832 (4) producing capacity and energy for sale to FPC on a firm basis pursuant to the terms and conditions of this schedule and FPC's Standard Offer Contract. Firm Capacity and Energy are described by FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a QF pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

CHARACTER OF SERVICE

Purchases within the territory served by FPC shall be, at the option of FPC, single or three phase, 60-hertz alternating current at any available standard FPC voltage. Purchases from outside the territory served by FPC shall be three phase, 60-hertz alternating current at the voltage level available at the interchange point between FPC and the entry delivering the Firm Energy and Capacity from the QF.

LIMITATION

Purchases under this schedule are subject to FPSC Rules 25-17.080 through 25-17.091, F.A.C., and are limited to those Qualifying Facilities which:

A. Are Specified in FPSC Rule 25-17.0832 (4);

B. Execute a Standard Offer Contract;

C. Provide capacity which would not result in the 20 MW capacity subscription limit for FPC to be exceeded.

RATES FOR PURCHASES BY FPC

Firm Capacity and Energy are purchased at unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by FPC. For the purpose of this Schedule, an Avoided Unit has been designated by FPC. FPC's next Avoided Unit has been identified as a 20 MW portion of a ~~90 MW combustion turbine~~ 530 MW combined cycle unit with an in-service date of ~~January~~ December ~~2001~~ 2005, Schedule 1 to this Appendix describes the methodology used to calculate payment schedules, general terms, and conditions applicable to FPC's Standard Offer Contract filed and approved pursuant to FPSC Rules 25-17.080 through 25-17.091, F.A.C.

A. Firm Capacity Rates

Four options, A through D, as set forth below, are available for payments of firm capacity that is produced by a QF and delivered to FPC. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with FPC. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the QF has contractually committed to deliver to FPC and are based on a contract term which extends through December 31, ~~2005~~ 2009. Payment schedules for other contract terms will be made available to any QF upon request and may be calculated based on the methodologies described in Schedule 1. The currently approved parameters used to calculate the following schedule of payments are found in Schedule 2 to this Appendix.

Option A - Fixed Value of Deferral Payments - Normal Capacity

Payment schedules under this option are based on the value of a year-by-year deferral of FPC's Avoided Unit with an in-service date of ~~January~~ December 1, ~~2001~~ 2005, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Schedule 1. 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 payment schedule for this option follows Option D.

Option B - First Value of Deferral Payments - Early Capacity

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of FPC's Avoided Unit. The term "early" with respect to Option B means that these payments can start as early as three years prior to the anticipated in-service date of FPC's Avoided Unit; provided, however, that under no circumstances may payments begin before this QF is delivering firm capacity and energy to FPC pursuant to the terms of the Standard Offer Contract. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the QF and calculated as shown on Schedule 1. Capacity Payments under Option B do not result in a prepayment or create a future benefit.

The QF shall select the month and year in which the deliveries of firm capacity and energy to FPC are to commence and capacity payments are to start. FPC will provide the QF with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract. The exemplary payment schedule following Option D is based on a contract term that begins on ~~January~~ December 1, ~~2000~~ 2003.

Option C - Fixed Value of Deferral Payment - Levelized Capacity

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of FPC's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Schedule 1. The fixed operation and maintenance portion of capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with FPC's Avoided Unit. These calculations are shown in Schedule 1. The payment schedule for this option follows Option D. Capacity Payments under Option C do not result in a prepayment or create a future benefit.

Option D - Fixed Value of Deferral Payment - Early Levelized Capacity

Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of FPC's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Schedule 1. The fixed operation and maintenance expense shall be calculated as shown in Schedule 1. At the option of the QF, payments for early levelized capacity shall commence at any time after the specified early capacity date and before the anticipated in-service date of FPC's Avoided Unit, provided that the QF is delivering firm capacity and energy to FPC pursuant to the terms of the Standard Offer Contract. The term "early" with respect to Option D means that capacity payments may begin earlier than the anticipated in-service date of FPC's avoided unit. Capacity payments under Option D do not result in a prepayment or create a future benefit.

EXAMPLE MONTHLY CAPACITY PAYMENT IN $kW/MONTH
FPC'S ~~2001 COMBUSTION TURBINE~~ 2005 COMBINED CYCLE AVOIDED UNIT (20 MW)
STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
($/kW/MONTH)

Contract Year	Option A Normal Capacity Payment Starting 01/01/~~2001~~ 2005	Option B Early Capacity Payment Starting 01/01/~~2000~~ 2003	Option C Levelized Capacity Payment Starting 01/01/~~2001~~ 2005	Option D Early Levelized Capacity Payment Starting 01/01/~~2000~~ 2003
~~2000~~ 2003	-	~~2.02~~ 2.95	-	~~2.16~~ 3.10
~~2001~~ 2004	~~2.54~~ -	~~2.08~~ 3.00	~~2.68~~ -	~~2.16~~ 3.11
~~2002~~ 2005	~~2.62~~ 4.58	~~2.15~~ 3.06	~~2.69~~ 4.74	~~2.16~~ 3.11
~~2003~~ 2006	~~2.70~~ 4.67	~~2.21~~ 3.13	~~2.69~~ 4.75	~~2.17~~ 3.11
~~2004~~ 2007	~~2.78~~ 4.76	~~2.28~~ 3.19	~~2.69~~ 4.75	~~2.17~~ 3.11
~~2005~~ 2008	~~2.87~~ 4.86	~~2.35~~ 3.25	~~2.70~~ 4.75	~~2.17~~ 3.11
2009	4.95	3.32	4.75	3.11

B. Energy Rates

Payments Prior to ~~January~~ December 1, ~~2001~~ 2005

The energy rate, in cents per kilowatt-hour (¢/kWh), shall be based on FPC's actual hourly avoided energy costs which are calculated by FPC in accordance with FPSC Rule 25-17.0825, F.A.C.

The calculation 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 amount of energy (kWh) delivered to FPC from the Facility for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

Payments Starting on ~~January~~ December 1, ~~2001~~ 2005

The calculation of payments to the QF for energy delivered to FPC on and after January 1, ~~2001~~ 2005 shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's Firm Energy Rate (¢/kWh); and (b) the amount of energy (kWh) delivered to FPC from the Facility during that hour.

The firm energy rate shall be, on an hour-by-hour basis, FPC's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QF to FPC, the Firm Energy Rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPC in accordance with FPSC Rule 25-17.0825, F.A.C., and FPC's Rate Schedule COG-1, as they may each be amended from time to time and (b) FPC's Avoided Unit Energy Cost. FPC's Avoided Unit Energy Cost, in cents per kilowatt -

hour (¢/kWh) shall be defined as the product of (a) the Avoided Unit Gas Cost and (b) an average annual heat rate of ~~11,800~~ 7,100 BTU per kilowatt hour; plus (c) an additional ~~0.443~~ 0.271¢ per kilowatt hour in mid-~~1999~~ 2005 dollars for variable operation and maintenance expenses which will be escalated based on CPI-U.

For the purposes of this agreement, the Avoided Unit Gas Cost shall mean the lesser of the Gas Daily Zone Price and the Gas Daily City Gate Price. Gas Daily Zone Price means the average monthly fuel price in $ per MMBtu as determined from gas prices for Florida Gas Transmission ("FGT") supply zone 3 as published in the "Daily Price Survey" listed under the column "Common" under the heading "Louisiana Onshore South", plus FGT's applicable 100% load factor FTS-2 rate. Gas Daily City Gate Price means the average monthly fuel price in $ per MMBtu as determined from gas prices for Florida gates via FGT as published in the "Daily Price Survey" listed under the heading City gate, Pooling Point prices. In addition, CPI-U means the Annual Consumer Price Index figure shown for all items in the Consumer Price Index for All Urban Consumers-South Urban (Not Seasonally Adjusted), Series I. D. CUUR0300SA0 as published by the United States Department of Labor, Bureau of Labor Statistics. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

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. The following estimates include variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
~~January 1, 1999 - March 31, 1999~~	~~2.0~~	~~1.5~~	~~1.8~~
April 1, 2002 - September 30, 2002	3.9	2.6	3.2
~~April 1, 1999 - September 30, 1999~~	~~2.6~~	~~1.5~~	~~2.0~~
October 1, 2002 - March 31, 2003	3.1	2.7	2.8
~~October 1, 1999 - March 31, 2000~~	~~1.9~~	~~1.6~~	~~1.7~~
April 1,2003 - September 30, 2003	3.6	2.5	3.0
~~April 1, 2000 - September 30, 2000~~	~~2.7~~	~~1.6~~	~~2.1~~
October 1, 2003 - March 31, 2004	2.6	2.4	2.5

ESTIMATED UNIT FUEL COST

The estimated unit fuel costs listed below are associated with FPC's Avoided Unit and are based on current estimates of the price of natural gas.

$/MMBTU

~~2000~~ 2003	~~2001~~ 2004	~~2002~~ 2005	~~2003~~ 2006	~~2004~~ 2007	~~2005~~ 2008
~~3.06~~ 3.50	~~3.06~~ 3.00	~~3.06~~ 3.00	~~3.06~~ 3.03	3.06	~~3.06~~ 3.09

DELIVERY VOLTAGE ADJUSTMENT

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

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	~~1.00~~ 1.0209
Primary Voltage Delivery	~~1.01~~ 1.0335
Secondary Voltage Delivery	~~1.02~~ 1.0624

PERFORMANCE CRITERIA

Payments for Firm Capacity are conditioned on the QF's ability to maintain the following performance criteria:

A. Capacity Delivery Date

The Capacity Delivery Date shall be no later than the projected in-service date of FPC's Avoided Unit (i.e., ~~January~~ December 1, ~~2001~~ 2005.)

B. Availability and Capacity Factor

The Facility's availability and capacity factor are used in the determination of firm capacity payments through a performance based calculation as detailed in Appendix B to FPC's Standard Offer Contract.

METERING REQUIREMENTS

The QFs within the territory served by FPC shall be required to purchase from FPC hourly recording meters to measure their energy deliveries to FPC. Energy purchases from the QFs outside the Territory of FPC shall be measured as the quantities scheduled for interchange to FPC by the entity delivering Firm Capacity and Energy to FPC.

For the purpose of this Schedule, the on-peak hours shall be those hours occurring April 1 through October 31, from 11:00 a.m. to 10:00 p.m., and November 1 through March 31, from 6:00 a.m. to 12:00 noon and 5:00 p.m. to 10:00 p.m. prevailing Eastern time. FPC shall have the right to change such On-Peak Hours by providing the QF a minimum of thirty calendar days' advance written notice.

BILLING OPTIONS

A QF, upon entering into a Standard Offer Contract for the sale of firm capacity and energy or prior to delivery of as-available energy, may elect to make either simultaneous purchases from and sales to FPC, or net sales to FPC; provided, however, that no such arrangement shall cause the QF to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QF selling as-available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contact expires or is lawfully terminated by either the QF or FPC; 3) when the QF is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of rule 25-17.0832 or a contract between the QF and FPC.

If a QF elects to change billing methods, such changes shall be subject to the following: 1) upon at least thirty days advance written note to FPC; 2) the installation by FPC 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; and 3) upon completion and approval by FPC of any alteration(s) to the interconnection reasonably required to effect the change in billing and upon payment by the QF for such alteration(s).

Payments due a QF will be made monthly and normally by the twentieth business day following the end of the billing period. The kilowatt-hours sold by the QF and the applicable avoided energy rates at which payment are being made shall accompany the payment to the QF.

CHARGES TO QUALIFYING FACILITY

The QF shall be responsible for all applicable charges as currently approved or as they may be approved by the Florida Public Service Commission, including, but not limited to:

A. Retail Service Charges

The QF shall be responsible for all FPSC approved charges for any retail service that may be provided by FPC. The QF shall be billed $82.00 monthly for the costs of meter reading, billing, and other administrative costs.

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 FPC adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from FPC for actual costs progressively incurred by FPC in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than twelve (12) months toward the full cost of interconnection. In the latter case, FPC shall assess interest at a rate equal to the thirty(30) day highest grade commercial paper rate as published in the Wall Street Journal on the first business day of each month. Such interest shall be compounded monthly.

C. Interconnection Charge for Variable Utility Expenses

The QF shall be billed monthly for the variable utility expenses associated with the operation, maintenance and repair of the interconnection facilities. These include (a) FPC'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 FPC were involved.

The QF may pay a monthly charge equal to 0.50% of the installed cost of the interconnection facilities. This monthly rate shall be adjusted periodically.

D. Interconnection Charge for QF Locating North of Central Florida Substation

For a QF with a Facility located north of the latitude of FPC's Central Florida Substation, FPC shall perform a study, at QF's expense, to determine the extent to which the amount of power FPC can import over the Florida-Southern Interface is diminished by the location of the Facility north of the Central Florida Substation. QF shall reimburse FPC for the costs of acquiring import capability to replace that amount of capability lost as a result of the location of the Facility.

TERMS OF SERVICE

A. It shall be the QF's responsibility to inform FPC of any change in its electric generation capability.

B. Any electric service delivered by FPC to a QF located in FPC's service area shall be subject to the following terms and conditions:

(1) A QF shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.

(2) 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 FPC exceed, by the greatest amount, FPC'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 FPC 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 in FPC in that month.

(3) FPC shall specify the point of interconnection and voltage level.

(4) The QF must enter into an interconnection to FPC's system. Specific features of the QF and its interconnection to FPC's facilities will be considered by FPC in preparing the interconnection agreement.

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

SCHEDULE 1
TO RATE SCHEDULE COG-2

CALCULATION OF VALUE OF DEFERRAL PAYMENTS

APPLICABILITY

Schedule 1 provides a detailed description of the methodology used by FPC to calculate the monthly values of deferring or avoiding FPC's Avoided Unit identified in Schedule COG-2. When used in conjunction with the current FPSC-approved cost parameters associated with FPC's Avoided Unit contained in Schedule 2, a QF may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the QF enter into a Standard Offer Contract with FPC.

Also contained in Schedule 1 is the discussion of the types and forms of surety bond requirements or equivalent assurance for payment of the Termination Fee acceptable to FPC in the event of contractual default by a QF.

CALCULATION OF VALUE OF DEFERRAL OPTION A

FPSC Rule 25-17.0832(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a QF pursuant to FPC's Standard Offer Contract shall be defined as the year-by-year value of deferral of FPC's Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring FPC's Avoided Unit one year, and shall be calculated as follows:

$$VAC_m = 1/12\ [KI_n\ (1 - R) / (1 - R^L) + O_n]$$

Where, for a one year deferral:

VAC_m = utility's monthly value of avoided capacity, in dollars per kilowatt per month, for each month of year n;

K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;

R = $(1 + i_p)/ (1 + r)$;

I_n = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of FPC's Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction for FPC's Avoided Unit which would have been paid had the Unit been constructed;

O_n = total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year, of FPC's Avoided Unit;

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

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

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

L = expected life of FPC's Avoided Unit(s); and

n = year for which FPC's Avoided Unit(s) (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of FPC's Standard Offer Contract.

CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY-OPTION B

Under the fixed value of deferral Option A, payments for firm capacity shall not commence until the in-service date of FPC's Avoided unit(s). At the option of the QF, however, FPC may begin making payments for capacity consisting of the capital cost component of the value of a year-by-year deferral of FPC's Avoided Unit starting as early as three years prior to the anticipated in-service date of FPC's Avoided Unit. When such payments for capacity are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the Capacity Delivery Date of the QF, and shall be calculated as follows:

$$A_M = [A_c\,(1 + i_p)^{(m-1)} + A_o\,(1 + i_o)^{(m-1)}] / 12 \qquad \text{for } m = 1 \text{ to } t$$

Where:

A_M = monthly payments to be made to the QF for each month of the contract year n, in dollars per kilowatt per month in which QF delivers capacity pursuant to the early capacity option;

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

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

m = year for which the fixed value of deferral payments under the early capacity option are made to a QF, starting in year one and ending in the year t;

t = the term, in years, of the Standard Offer Contract:

A_c = $F\,[\,(1 - R) / (1 - R^t)\,]$

Where:

F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of FPC's Avoided Unit(s);

R = $(1 + i_p)/(1 + r)$

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

A_o = $G\,[\,(1 - R) / (1 - R^t)\,]$

Where:

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

R = $(1 + i_o)/ (1 + r)$

The currently approved parameters applicable to the formulas above are found in Schedule 2.

CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - LEVELIZED AND EARLY LEVELIZED CAPACITY - OPTION C & OPTION D, RESPECTIVELY

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

$$P_L = (F / 12) \cdot [r / 1 - (1 + r)^{-t}] + O$$

Where:

P_L = the monthly levelized capacity payment, starting on or prior to the in-service date of FPC's Avoided Unit(s):

F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of the capacity payments which would have been made had the capacity payments not been levelized;

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

t = the term, in years of the Standard Offer Contract

O = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with calculation of the fixed value of deferral payments for the levelized capacity or the early levelized capacity options.

RISK-RELATED GUARANTEES

With the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091, FPSC Rule 25-17.0832 paragraph (4)(e)10 requires that, when fixed value or deferral payments - early capacity, levelized capacity, or early levelized capacity are elected, the QF must provide a surety bond or equivalent assurance of securing the payment of a Termination Fee in the event the QF is unable to meet the terms and conditions of its Standard Offer Contract. Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of FPC's Standard Offer contract, one of the following may constitute an equivalent assurance of payment:

(1) Bond;
(2) Cash deposit(s) with FPC;
(3) Unconditional, irrevocable, direct pay letter of credit;
(4) Unsecured promise by a municipal, county or state government to repay payment for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric customers of such government to assure that payments for early or levelized capacity are repaid;
(5) Unsecured promise by a privately-owned QF to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from the owner(s) of the QF, parent company, and/or subsidiary companies located in Florida to assure that payments for early, levelized or early levelized capacity are repaid; or
(6) Other guarantees acceptable to FPC.

FPC will cooperate with each QF applying for fixed value of deferral payments under the early, levelized or early levelized capacity options to determine the exact form of an "equivalent assurance" for payment of the Termination Fee to be required based on the particular aspects of the QF. FPC will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the QF and FPC's ratepayers.

SCHEDULE 2
TO RATE SCHEDULE COG-2
CAPACITY OPTION PARAMETERS

FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for one year deferral:

			Value
VAC_m	=	FPC's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	$~~2.54~~ 4.58
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	~~1.428~~ 1.461
I_n	=	total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of FPC's Avoided Unit with an in-service date of year n;	$~~315.54~~ 483.43
O_n	=	total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of FPC's Avoided Unit:	$~~1.40~~ 1.60
i_p	=	annual escalation rate associated with the plant cost of FPC's Avoided Unit;	~~2.5~~ 2.0%
i_o	=	annual escalation rate associated with the operation and maintenance expense of FPC's Avoided Unit;	~~3.1~~ 2.0%
r	=	annual discount rate, defined as FPC's incremental after-tax cost of capital;	~~8.53~~ 8.39%
L	=	expected life of FPC's Avoided Unit;	~~30~~ 25
n	=	year for which FPC's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	~~2001~~ 2005

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A_m	=	monthly avoided capital cost component of capacity payments to be made to the QF starting as early as three years prior to the anticipated in-service date of FPC's Avoided Unit, in dollars per kilowatt per month;	$~~1.90~~ 2.95

i_p	=	annual escalation rate associated with the plant cost of FPC's Avoided Unit;	~~2.2~~ 2.0%
n	=	year for which early capacity payments to a QF are to begin;	~~2000~~ 2003
F	=	the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of FPC's Avoided Unit and continued for a period of 5 years;	$~~114.61~~ 186.05
r	=	annual discount rate, defined as FPC's incremental after-tax cost of capital;	~~8.53~~ 8.39%
t	=	the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing prior to the in-service date of FPC's Avoided Unit;	~~6~~ 7
G	=	the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of FPC's Avoided Unit and continued for a period of 5 years.	$~~5.74~~ 5.59

APPENDIX B
TO
FLORIDA POWER CORPORATION STANDARD OFFER CONTRACT

PAY FOR PERFORMANCE PROVISIONS
MONTHLY CAPACITY PAYMENT CALCULATION

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:

   A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 80%, then no Monthly capacity Payment shall be due. That is:

   $$MCP = 0$$

   B. In the event that the ACBF is equal to or greater than 80% but less than 90%, then the Monthly Capacity Payment shall be calculated by using the following formula:

   $$MCP = BCP\ [5x\ (ACBF - .7)]\ x\ CC$$

   C. In the event that the ACBF is equal to or greater than 90%, then the Monthly Capacity Payment shall be calculated by using the following formula:

   $$MCP = BCP\ x\ CC$$

   Where:

MCP	=	Monthly Capacity Payment in dollars.
BCP	=	Base Capacity Payment in $/kW/Month as specified in FPC's Rate Schedule COG-2.
CC	=	Committed Capacity in kW.
ACBF	=	Annual Capacity Billing Factor. This factor is calculated using the 12 month, rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the electric energy actually received by FPC for the 12 consecutive months preceding the date of calculation, divided by the product of the Committed Capacity and the number of hours in the 12 consecutive months preceding the date of calculation. During the first 12 consecutive Monthly Billing Periods commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of 12-month rolling

average Annual Capacity Billing Factor shall be performed as follows (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by electric energy actually received by FPC for the number of full consecutive months preceding the date of calculation, divided by the product of the Committed Capacity and the number of hours in the number of full consecutive months preceding the date of calculation. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor.

MCF	=	Monthly Capacity Factor. The total energy received during the Monthly Billing Period for which the calculation is made, divided by the product of Committed Capacity times the total hours during the Monthly Billing Period.
Monthly Billing Period	=	The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m., on the Capacity Delivery Date and ending with the last calendar day of such month.

~~Scheduled Energy and Dispatch Hours are defined in Section 8.4.7 of the Standard Offer Contract.~~

APPENDIX C
TO
FLORIDA POWER CORPORATION STANDARD OFFER CONTRACT

TERMINATION FEE

The Termination Fee shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be) computed according to the following formula:

$$\sum_{i=1}^{n} (MCP_i - MCPC_i) \cdot t^{(n-i)}$$

with: MCPC = 0 for all periods prior to the in-service date of FPC's Avoided Unit:

where

i = number of Monthly Billing Period commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery date occurs = 1; the month following this month in which Capacity Delivery Date occurs = 2 etc.)

n = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)

t = the future value of an amount factor necessary to compound a sum monthly so the annual percentage rate derived will equal FPC's incremental after-tax avoided cost of capital (defined as r in COG-2). For any Monthly Billing Period in which MCPC is greater than MCP, i shall equal t.

MCP_i = Monthly Capacity Payment paid to QF corresponding to the Monthly Billing Period i, calculated in accordance with Appendix B.

$MCPC_i$ = Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period i, calculated in accordance with COG-2.

In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value equal to or greater than zero, the amount of the Termination Fee shall be increased by the amount of such value.

In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B is less than 80%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Termination Fee shall not be reduced for the applicable Monthly Billing Period.

b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 80% but less than 90%, than the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times (5 \times (\text{ACBF} - .78)]$$

For the applicable Monthly Billing period, the Termination Fee shall be reduced by the amount of such Reduction Value.

c. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 90%, then the Initial Reduction Value shall not be adjusted (Reduction Value = Initial Reduction Value), and the Termination Fee shall be reduced for the applicable Monthly Billing period by the amount of the Initial Reduction Value.

In no event shall FPC be liable to the QF at any time for any amount by which the Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).

APPENDIX D
TO
FLORIDA POWER CORPORATION STANDARD OFFER CONTRACT

DETAILED PROJECT INFORMATION

Each eligible Contract received by FPC will be evaluated to determine if the underlying QF project is financially and technically viable. The QF shall, to the extent available, provide FPC with a detailed project proposal which addresses the information requested below:

I. FACILITY DESCRIPTION

- Project Name
- Project Location

* Street Address
* Size Plot Plan
* Legal Description of Site

- Generating Technology
- Facility Classification (Cogenerator or Small Power Producer)
- Primary Fuel
- Alternate Fuel (if applicable)
- Committed Capacity
- Expected In-Service Date
- Steam Host (for cogeneration facilities)

* Street Address
* Legal Description of Steam Host
* Host's annual steam requirements (lbs./yr.)

- Contact Person

* Individual's Name and Title
* Company Name
* Address
* Telephone Number
* Fax Number

II. PROJECT PARTICIPANTS

- Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:

* Project Development
* Siting and Licensing the Facility
* Designing the Facility
* Constructing the Facility
* Securing the Fuel Supply
* Operating the Facility

- Provide details on all electrical facilities which are currently under construction or operational which were developed by the QF.

- Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders and the percentage of equity invested at financial closing.

III. FUEL SUPPLY

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (*e.g.* Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.

- Provide annual fuel requirements (AFR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.

- Provide a summary of the status of the fuel supply arrangements in place to meet the AFR, in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.

Category	Description of Fuel Supply Arrangement
owned =	fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm fuel contract exists between the developer(s) and fuel supplier(s)
LOI =	a letter of intent for fuel supply exists between developer(s) and fuel supplier(s)
SPP =	small power production facility will burn biomass, waste, or another renewable resource
spot =	fuel supply will be purchased on the spot market
none =	no firm fuel supply arrangement currently in place
other =	fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes deliver and, if so, to what location.

- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.

- Provide annual fuel transportation requirements (AFTR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.

- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFTR.

owned =	fuel transport via a fully developed system owned by one or more of the project participants
contract =	fully executed firm transportation contract exists between the developer(s) and fuel transporter(s)
LOI =	a letter of intent for fuel transport exists between developer(s) and fuel transporter(s)
spot =	fuel transportation will be purchased on the spot market
none =	no firm fuel transportation arrangement currently in place
other =	fuel transportation arrangement which does not fit any of the above categories (please describe)

- Provide the maximum, minimum and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.

- Provide information regarding QF's plans to maintain sufficient on site fuel to deliver capacity and energy for an uninterrupted seventy-two (72) hour period.

IV. PLANT DISPATCHABILITY/CONTROLLABILITY

- Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated:

  * Ramp Rate (MW/minute)
  * Peak Capability (% above Committed Capacity)
  * Minimum power level (% of Committed Capacity)

* Facility Turnaround Time, Hot to Hot (hours)
* Start-up Time from Cold Shutdown (hours)
* Unit Cycling (# cycles/yr.)
* MW and MVAR Control (ACC, Manual, Other (please explain))

V. SITING AND LICENSING

- Provide a licensing/permitting milestone schedule, which lists all permits, licenses and variances, required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.

- Provide a licensing/permitting plan that addresses the issues of air emission, water use, wastewater discharge, wetlands, endangered species, protected properties, solid waste, surrounding land use, zoning for the Facility, associated linear facilities and support of and opposition to the Facility.

- List the emission/effluent discharge limits the Facility will meet and describe in detail the pollution control equipment to be used to meet these limits.

VI. FACILITY DEVELOPMENT AND PERFORMANCE

- Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, FPC contractor and Facility operator, steam host integration and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.

- Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.

- Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.

- Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one line diagram for the Facility.

- State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75% and 50%. In addition, attach a preliminary heat balance for the Facility.

- If the Facility will be a cogenerator under FPSC Rule 25-17.080, provide a detailed description of the power plant/steam host interrelationship. Indicate the host's annual steam requirements and the length of time the Facility can operate without the host. Calculate the Facility's expected PURPA operating standard and efficiency standard and list the assumptions used to make the calculations.

VII. FINANCIAL

- Provide FPC with assurances that the proposed QF project is financially viable in accordance with FPSC Rule 25-17.0832(4)(c) by attaching a detailed pro-forma cash flow analysis. The pro-forma must include, at a minimum, the following assumptions for each year of the project.

- Annual Project Revenues

  * Capacity Payments ($ and $/kW/Mo.)
  * Variable O&M ($ and $/MWh)
  * Energy ($ and $/MWh)
  * Steam Revenues ($ and %/lb.)
  * Tipping Fees ($ and $/ton)
  * Interest Income
  * Other Revenues
  * Variable O&M Escalation (%/yr.)
  * Energy Escalation (%/yr.)
  * Steam Escalation (%/yr.)
  * Tipping Fee Escalation (%/yr.)

- Annual Project Expense

  * Fixed O&M ($ and $/kW/Mo.)
  * Variable O&M ($ and $/MWh)
  * Energy ($ and $/MWh)
  * Property Taxes ($)
  * Insurance ($)
  * Emission Compliance ($ and $/MWh)
  * Depreciation ($ and %/yr.)
  * Other Expenses ($)
  * Fixed O&M Escalation (%/yr.)
  * Variable O&M Escalation (%/yr.)
  * Energy Escalation (%/yr.)

- Other Project Information

  * Installed Cost of the Facility ($ and $/kW)
  * Committed Capacity (kW)
  * Average Heat Rate - HHV (MBTU/kWh)
  * Federal Income Tax Rate (%)
  * Facility Capacity Factor (%)
  * Energy Sold to FPC (MWh)

- Permanent Financing

  * Permanent Financing Term (yr.)
  * Project Capital Structure (percentage of long-term debt, subordinated debt, tax exempt debt and equity)
  * Financing Costs (cost of long-term debt, subordinated debt, tax exempt debt and equity)
  * Annual Interest Expense
  * Annual Debt Service ($)
  * Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)

- Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.

- Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.

APPENDIX E
FPSC RULES 25-17.080 THROUGH 25-17.091
ARE PROVIDED IN SECTION VIII
ON THIS TARIFF BOOK

EXHIBIT C

ECONOMIC AND FINANCIAL ASSUMPTIONS FOR THE COST PARAMETERS AND K FACTOR OF THE AVOIDED UNIT ASSOCIATED WITH THE PROPOSED STANDARD OFFER CONTRACT AND ACCOMPANYING RATE SCHEDULE COG-2

Florida Power Corporation
Standard Offer Contract
Economic Assumptions

AFUDC RATE

7.81%

CAPITALIZATION RATIOS

Debt	45.0%
Preferred	0.0%
Equity	55.0%

RATE OF RETURN

Debt	7.3%
Preferred	0.0%
Equity	12.0%

INCOME TAX RATE

State	5.5%
Federal	35.0%
Effective	38.575%

OTHER TAXES & INS.

1.70%

DISCOUNT RATE

8.39%

BOOK DEPRECIATION LIFE

25 Years

TAX DEPRECIATION LIFE

20 Years

Florida Power Corporation
Standard Offer Contract
Economic Escalation Assumptions

General Inflation	Plant Construction Cost	Fixed O & M Cost	Variable O & M Cost
3.1%	2.0%	2.0%	3.1%

Florida Power Corporation
Standard Offer Contract
Unit Information

PLANT TYPE:	Combined Cycle Unit
NET CAPACITY:	20 MW Portion of a 530 MW Combined Cycle Unit
BOOK LIFE:	25 Years

INSTALLED COST (IN-SERVICE YEAR 2001)

TOTAL INSTALLED COST ($/KW):	345.56
DIRECT CONSTRUCTION COST ($/KW):	311.28
AFUDC AMOUNT ($/KW):	34.28
FIXED O & M ($/KW-YR):	1.63
VARIABLE O & M (¢/KWH)	0.271
ASSUMED CAPACITY FACTOR	65%
K FACTOR	1.414