

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: June 26, 2013

TO: Office of Commission Clerk (Cole)

FROM: Division of Engineering (Ellis) *POE EW DS*
Division of Economics (Garl) *AD J.W.D*
Office of the General Counsel (Murphy) *CM AT*

RECEIVED FPSC
13 JUN 26 AM 11:11
COMMISSION
CLERK

RE: Docket No. 130074-EQ – Petition for approval of revisions to standard offer renewable energy tariff REN-1 and REN-2, by Florida Public Utilities Company.

AGENDA: 07/09/13 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ENG\WP\130074.RCM.DOC

Case Background

Section 366.91(3), Florida Statutes (F.S.), requires that each investor-owned utility (IOU) to continuously offer to purchase capacity and energy from renewable energy generators. Commission Rules 25-17.200 through 25-17.310, Florida Administrative Code (F.A.C.), implement the statute, and require each IOU file with the Commission by April 1 of each year a standard offer contract based on the next avoidable generating unit or planned purchase. Florida Public Utilities Company (FPUC or Company) filed its petition for approval of an amended standard offer contract on April 1, 2013.

Docket No. 130074-EQ

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Because FPUC does not own or operate any electric generating plants, the utility does not have any planned generating unit that can be avoided. For such a circumstance, Rule 25-17.250(1), F.A.C., requires a utility to base the standard offer contract on avoiding or deferring a planned purchase. FPUC currently has purchased power agreements with Gulf Power Company (Gulf) for the Northwest Division and JEA (formerly Jacksonville Electric Authority) for the Northeast Division. The rate schedules submitted, REN-1 and REN-2, reflect pricing for each division in accordance with the purchased power agreements for that region.

The Commission has jurisdiction over this standard offer contract pursuant to Sections 366.04 through 366.06 and 366.91, F.S.

Discussion of Issues

Issue 1: Should the Commission approve the standard offer contract and related rate schedules filed by FPUC?

Recommendation: Yes. The revised standard offer contracts and related rate schedules conform to all the requirements of Rules 25-17.200 through 25-17.310, F.A.C., and reflect the avoidable costs associated with FPUC's purchased power agreements. Staff recommends that the revised standard offer contracts and related rate schedules filed by FPUC be approved. (Ellis)

Staff Analysis: Pursuant to Rule 25-17.250, F.A.C., an IOU must continuously make available a standard offer contract for the purchase of firm capacity and energy from renewable generating facilities and small qualifying facilities with a design capacity of 100 kilowatt (kW) or less.

Since FPUC does not generate any electric energy for sale to retail customers, FPUC does not file a Ten-Year Site Plan and has no planned unit that can serve as an avoided unit. In such a case, Rule 25-17.250(1), F.A.C., requires a standard offer be based on avoiding or deferring a planned purchase. FPUC meets this requirement by submitting standard offer contracts based on the Company's purchased power agreements (PPAs) with Gulf Power Company for the Northwest Division and JEA for the Northeast Division.

FPUC proposes revisions to two rate schedules for each division; REN-1, for as-available energy only, and REN-2, for energy and capacity. Energy and capacity payments for these schedules are based on actual costs under FPUC's wholesale contracts, with estimates provided in the rate schedule filing. The revisions reflect updated energy price estimates for 2013, and are detailed below. The rate schedules are otherwise unchanged. The company's standard offer contract, incorporating the revised rate schedules, is provided as Attachment A.

Northwest Division

Payments for energy in 2013 are projected at 3.823 cents per kilowatt-hour (kWh), a decrease of 21 percent from last year. Payments for capacity are projected to remain at zero. Based on current demand forecasts and a ratchet provision included in the PPA between FPUC and Gulf, renewable providers are unlikely to be able to avoid any capacity payments under the wholesale agreement. Actual payments for a renewable provider would be based on the actual deferred cost of energy and capacity subject to FPUC's PPA with Gulf.

Northeast Division

Payments for energy in 2013 are projected at 4.360 cents per kilowatt-hour (kWh), a decrease of 8.7 percent from last year. Payments for capacity are projected at \$11.38 per kilowatt (kW) of the renewable provider's capacity at time of system peak, the same rate as the previous year. Actual payments for a renewable provider would be based on the actual deferred cost of energy and capacity subject to FPUC's PPA with JEA.

Docket No. 130074-EQ

Date: June 26, 2013

Conclusion

The revised standard offer contracts and related rate schedules conform to all the requirements of Rules 25-17.200 through 25-17.310, F.A.C., and reflect the avoidable costs associated with FPUC's purchased power agreements. Staff recommends that the revised standard offer contracts and related rate schedules filed by FPUC be approved.

Docket No. 130074-EQ

Date: June 26, 2013

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's proposed agency action order. Potential signatories should be aware that, if a timely protest is filed, FPUC's standard offer contract may subsequently be revised. (Murphy)

Staff Analysis: This docket should be closed upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's proposed agency action order. Potential signatories should be aware that, if a timely protest is filed, FPUC's standard offer contract may subsequently be revised.

Docket No. 130074-EQ
Date: June 26, 2013

ATTACHMENT A

Florida Public Utilities Company
F.P.S.C. Renewable Energy Tariff
Original Volume No. I

Original Sheet No. 1

FPSC RENEWABLE ENERGY TARIFF
ORIGINAL VOLUME NO. I
OF
FLORIDA PUBLIC UTILITIES COMPANY
FILED WITH
FLORIDA PUBLIC SERVICE COMMISSION

Issued by: John T. English, President

Effective: January 1, 2006

Florida Public Utilities Company
F.P.S.C. Renewable Energy Tariff
Original Volume No. I

Original Sheet No. 2

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TERRITORY SERVED

Two individually operated areas are served with electricity, both of which are located in the northern part of Florida.

The Northwest Florida (Marianna) Division serves various cities and towns and rural communities in Jackson, Calhoun and Liberty Counties.

The Northeast Florida (Fernandina Beach) Division serves Amelia Island, located in Nassau County.

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Florida Public Utilities Company
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MISCELLANEOUS GENERAL INFORMATION

Florida Public Utilities Company was incorporated under the Laws of Florida in 1924 and adopted its present corporate name in 1927.

It is principally engaged in the distribution and sale of natural gas, electricity and water. Its operations are entirely within the State of Florida.

The general office of the Company is located at:

401 South Dixie Highway
West Palm Beach, Florida 33401-5886

Division offices are located at:

2825 Pennsylvania Avenue
Marianna, Florida 32448-4004

and

911 South 8th Street
Fernandina Beach, Florida 32034-3706

Communications covering rates should be addressed to:

Florida Public Utilities Company
P. O. Box 3395
West Palm Beach, Florida 33402-3395

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TECHNICAL TERMS AND ABBREVIATIONS

When used in the rules and regulations or the rate schedules in this volume, the following terms shall have the meanings defined below:

- A. Company - Florida Public Utilities Company acting through its duly authorized officers or employees within the scope of their respective duties.
- B. Applicant - any person, firm, or corporation applying for electric service from the Company at one location.
- C. Customer - any person, firm, or corporation purchasing electric service at one location from the Company under Rules and Regulations of the Company.
- D. Qualifying Facility or QF - any person, firm or corporation selling or requesting to sell electricity produced by renewable fuel to the Company on the Company's system and who meets the requirements set out in Rule 25-17.0832 of the Florida Public Service Commission.
- E. Service Line - all wiring between the Company's main line or transformer terminals and the point of connection to the QF's service entrance.
- F. Single Service - one set of facilities over which the QF may deliver electric power to the Company.
- G. Kw or Kilowatt - one thousand (1,000) watts.
- H. KWh or Kilowatt-hour - one thousand (1,000) watt-hours.
- I. Energy - current delivered, expressed in kilowatt-hours.
- J. Capacity Rating - the QF's maximum generating capability, expressed in kilowatts, connected to the Company's electric system.
- K. Capacity Factor - the total kilowatt hours of energy delivered to the Company during a specified period, divided by the product of: (1) the maximum kilowatt capacity contractually committed for delivery to the Company by the QF during that same specified period and (2) the sum of the total hours during that same period less those hours during which the Company was unable to accept energy and capacity deliveries from the QF.
- L. Power Factor - ratio of kilowatts to kilovolt-amperes.

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TECHNICAL TERMS AND ABBREVIATIONS (Continued)

- M. Month - the period between any two (2) regular readings of the QF's meters at approximately thirty (30) day intervals.
- N. Year - a period of three hundred sixty-five (365) consecutive days except that in a year having a date of February twenty-nine (29) such year shall consist of three hundred sixty-six (366) consecutive days.
- O. Renewable Fuel - Includes the following qualified resources.
 - 1. Hydrogen produced from sources other than fossil fuels.
 - 2. Bio-mass including agricultural and wood waste, municipal solid waste and landfill gas.
 - 3. Solar Energy.
 - 4. Geothermal Energy.
 - 5. Wind Energy.
 - 6. Hydroelectric power and ocean energy.
 - 7. Waste heat from sulfuric acid manufacturing processes.

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RULES AND REGULATIONS

Applicable to Renewable Energy Service and Rate Schedules

1. General

Company shall furnish service under its rate schedules and these Rules and Regulations as approved from time to time by the Florida Public Service Commission and in effect at the time. These Rules and Regulations shall govern all service except as specifically modified by the terms and conditions of the rate schedules or written contracts. Copies of currently effective Rules and Regulations are available at the office of the Company

Unless otherwise specifically provided in any applicable rate schedule or in a written contract by or with Company, the term of any agreement shall become operative on the day the Qualifying Facility's installation is connected to Company's facilities for the purpose of delivering electric energy and shall continue for a period of one (1) year and continuously thereafter until cancelled by three (3) or more days' notice by either party.

2. Application for Service

An application for service will be required by Company from each Applicant. The application or contract for service shall be in writing. Such application shall contain the information necessary to determine the type of service desired and the conditions under which service will be rendered.

The application or depositing of any sum of money by the Applicant shall not require Company to render service until the expiration of such time as may be reasonable required by Company to determine if Applicant has complied with the provisions of these Rules and Regulations and as may reasonably be required by Company to install the required facilities.

3. Election of Rate Schedules

Optional rates are available for the purchase of electric energy by the Company from a Qualifying Facility; namely, As-Available Energy and Firm Power. These optional rates and the conditions under which they are applicable are set forth in Company's rate schedules.

Upon application for service or upon request, Applicant or Qualifying Facility shall elect the applicable rate schedule best suited to his requirements. Once the Qualifying Facility has elected a rate schedule, no change shall be allowed during the remaining term of the then existing contract.

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RULES AND REGULATIONS (Continued)

4. Deposits

An initial deposit in the first year of operation may be required of a Qualifying Facility who is also a purchasing customer of the Company and whose monthly dollar value of purchases from the Company are estimated to exceed the monthly dollar value of sales to the Company. Such deposit shall be based upon the singular month in which the Qualifying Facility's projected purchases from the company exceed by the greatest amount the Company estimated purchased from the Qualifying Facility. The initial deposit shall be equal to twice the amount of the difference estimated for that month and shall be paid upon interconnection. For each year thereafter, a review of actual sales and purchases between the Qualifying Facility and the Company shall be made to determine the actual month of maximum difference. The deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Qualifying Facility exceed the actual sales to the Company in that month.

In lieu of a cash deposit, a Qualifying Facility may;

- (a) Furnish a satisfactory guarantor to secure payment of bills for the service requested such guarantor to be a customer of the Company with a satisfactory payment record.
- (b) Furnish an irrevocable letter of credit from a bank.
- (c) Furnish a surety bond.

Retention by Company, prior to a final settlement, of said deposit shall not be considered as payment or part payment of any bill for service. Company shall, however, apply said deposit against unpaid bills for service. In such case, Qualifying Facility shall be required to restore deposit to original amount.

Company shall pay interest on deposits annually at the rate of six per cent (6%) per annum. No Qualifying Facility shall be entitled to receive interest on his deposit until and unless the deposit has been in existence for a continuous period of six months; then he shall be entitled to receive interest from the day of placement of deposit. Deposits shall cease to bear interest upon discontinuance of service.

Upon discontinuance of service, the deposit and accrued interest shall be credited against the final account and the balance, if any, shall be returned promptly to the qualifying Facility, but in no event later than fifteen (15) days after service is discontinued.

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Effective: January 1, 2006

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RULES AND REGULATIONS (Continued)

5. Metering

Company shall specify the type of meter or meters that shall be installed to properly measure purchases of capacity and energy from Qualifying Facility. The cost of such meters and their installation shall be borne by the Qualifying Facility. Time-differentiated recording meters may be required by the Company when:

(a) A time record of measured capacity and/or energy purchased is required by the Company to determine the proper billing units.

When a Qualifying Facility is also a purchasing Customer of the Company, the measurement of such purchases by the Qualifying Facility shall be through a separate meter or meters apart from the meter or meters measuring sales to the Company. The cost of meters for measuring purchases by Customer shall be borne by the Company.

Before installation and periodically thereafter, each meter shall be tested and adjusted using methods and accuracy limits prescribed or approved by the Florida Public Service Commission. Periodic test and inspection intervals shall not exceed the maximum period allowed by the Florida Public Service Commission.

If on test the meter is found to be in error in excess of the prescribed accuracy limits, fast or slow, the amount of refund or charge to the Qualifying Facility shall be determined by methods prescribed or approved by the Florida Public Service Commission.

In the event of stoppage or failure of any meter to register, Qualifying Facility may be paid for such period on an estimated basis; using data on electric energy delivered to Company in a similar period or such other data as may be reasonably obtainable to aid in determining estimated deliveries.

6. Billing and Payments

A. Meter Reading and Payment Schedules

Each Qualifying Facility's meter will be read by the Company at monthly intervals as near as possible to the last day of each calendar month. The Company will prepare the bill and render payment to the Qualifying Facility for purchases during the preceding calendar month within twenty (20) business days following the day the meter is read. Details of the billing units and the applicable rates will accompany payment.

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RULES AND REGULATIONS (Continued)

B. Selection of Billing Methodology

Qualifying Facility may elect to make either simultaneous purchases and sales or net sales to the Company. Once made, the selection of a billing methodology may be changed at the option of the Qualifying Facility, subject to the following provisions:

- (1) not more frequently than once every twelve (12) month;
- (2) to coincide with the next Fuel and Purchased Power Cost Recovery Factor billing period;
- (3) upon at least thirty (30) days' advance written notice;
- (4) upon the installation by the Company of any additional metering equipment reasonably required to effect the change in billing and upon payment by the Qualifying Facility for such metering equipment and its installation;
- (5) upon completion and approval by the Company of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the Qualifying Facility for such alterations; and
- (6) where the election to change billing methods will not contravene the provisions of the tariff under which the Qualifying Facility receives service from the Company or any other previously agreed upon contractual provisions between the Qualifying Facility and the Company.

Should Qualifying Facility elect to make simultaneous purchases and sales, purchases of electric service by the Qualifying Facility from the Company shall be billed at the retail rate schedule under which the Qualifying Facility would receive service as a non-generating customer of the Company; sales of electricity by the Qualifying Facility to the Company shall be purchased at the Company's applicable rate for such purchases.

Should Qualifying Facility elect to make net sales, the monthly energy and capacity sales to the Company shall be purchased at the Company's applicable rate for such purchases. For those months during which Qualifying Facility is a net purchaser, purchases shall be billed at the Company's retail rate schedule under which the Qualifying Facility would receive service as a non-generating customer of the Company.

Issued by: John T. English, President

Effective: April 1, 1984

Florida Public Utilities Company
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RULES AND REGULATIONS (Continued)

Where simultaneous purchases and sales are made by Qualifying Facility, payments to Qualifying Facility may, at the option of Qualifying Facility, be shown as a credit to Qualifying Facility's bill. Details of the billing units and the applicable rates will accompany the bill to Qualifying Facility. A credit will not exceed the amount of the Qualifying Facility's bill from Company and the excess, if any, will be paid to the Qualifying Facility.

7. Interconnection and Standards

Rule 25-17.87 of the Florida Public Service Commission will apply. Copies of this rule are available upon request at the office of the Company.

8. Billing and Payments

Company shall have the right to enter the premises of Qualifying Facility at all reasonable hours for the purpose of making such inspection of Qualifying Facility's installation as may be necessary for the proper application of Company's rate schedules and Rules and Regulations; for installing, removing, testing, or replacing its apparatus or property; for reading meters; and for the entire removal of Company's property in event of termination of service for any reason.

All property of Company installed in or upon Qualifying Facility's premises used and useful in supplying service is placed there under Qualifying Facility's protection. All reasonable care shall be exercised to prevent loss or damage to such property and, ordinary wear and tear excepted, Qualifying Facility will be held liable for any such loss of property or damage thereto and shall pay to Company the cost of necessary repairs or replacements.

Qualifying Facility will be held responsible for breaking the seals, tampering or interfering with Company's meter or meters or other equipment of Company installed on Qualifying Facility's premises, and no one except employees of Company will be allowed to make any repairs or adjustments to any meter or other piece of apparatus belonging to Company except in case of emergency.

Qualifying Facility shall not increase the capacity rating of its electric generating equipment connected to the Company's system without first notifying Company in writing and obtaining written consent.

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RULES AND REGULATIONS (Continued)

Company shall have the right, if necessary; to construct its poles, lines and circuits on Qualifying Facility's property and to place its transformers and other apparatus on the property or within the buildings of Qualifying Facility, at a point or points convenient for such purposes, and Qualifying Facility shall provide suitable space for such installation.

Company shall have the right to require, if necessary, the installation of such remote metering equipment as may be necessary for Qualifying Facility to properly monitor Company's load at the delivery point of the Company's wholesale supplier on the system to which Qualifying Facility is connected. The cost of such installation shall be borne by Qualifying Facility.

9. Company's Liabilities

Company will use reasonable diligence to purchase electric energy and capacity from Qualifying Facility as may be practically and safely allowable within the limits of load and line capacity on the Company's system to which Qualifying Facility is connected. Company may interrupt its purchases hereunder, however, for the purpose of making necessary alterations and repairs, but only for such time as may be reasonable or unavoidable, and Company shall give Qualifying Facility, except in case of emergency, reasonable notice of its intention so to do, and shall endeavor to arrange such interruption so as to inconvenience Qualifying Facility as little as possible.

Whenever Company deems an emergency warrants interruption or limitation in the service being rendered, such interruption or limitation shall not constitute a breach of contract and shall not render Company liable for damages suffered thereby or excuse Qualifying Facility from further fulfillment of the contract.

Company shall not be liable to Qualifying Facility for any loss, injury, or damage from use of Qualifying Facility's equipment or from the use of electric service furnished by Company or from the connection of Company's facilities with Qualifying Facility's wiring and equipment.

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Effective: January 1, 2006

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RULES AND REGULATIONS (Continued)

10. Force Majeure

Except for payment of bills due, neither the Company nor the Qualifying Facility shall be liable in damage to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, unforeseeable or unusual weather conditions, washouts, arrests and restraint of rules and peoples, civil disturbances, explosions, breakage or accident to machinery or electric lines, temporary failure of electric supply, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, and whether caused or occasioned by or happening on account of the act or omission of Company or Qualifying Facility or any other person or concern not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

11. Discontinuance of Service

The Company reserves the right, but assumes no liability for failure so to do, to discontinue service to or from any Qualifying Facility for cause as follows:

A. Without notice,

- (1) If a dangerous condition exists on Qualifying Facility's wiring or energy-generation devices.
- (2) Because of a fraudulent use of the service or tampering with Company's equipment.
- (3) Upon request by Qualifying Facility, subject to any existing agreement between Qualifying Facility and Company as to unexpired term of service.

B. After five (5) working days' notice in writing,

- (1) For nonpayment of bill for electric service.
- (2) For refusal or failure to make a deposit or increase a deposit, when requested, to assure payment of bills.
- (3) For a violation of these Rules and Regulations which Qualifying Facility refuses or neglects to correct.

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Effective: January 1, 2006

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RULES AND REGULATIONS (Continued)

12. Reconnection of Service

When service shall have been disconnected for any of the reasons set forth in these Rules and Regulations, Company shall not be required to restore service until the following conditions have been met by Qualifying Facility.

A. Where service was discontinued without notice,

- (1) The dangerous condition shall be removed and, if the Qualifying Facility had been warned of the condition a reasonable time before the discontinuance and had failed to remove the dangerous condition, a reconnection fee of thirty seven dollars (\$37.00) shall be paid.
- (2) All bills for service due Company by reason of fraudulent use or tampering shall be paid, a deposit to guarantee the payment of future bills shall be made, and a reconnection fee of thirty seven dollars (\$37.00) shall be paid.
- (3) If reconnection is requested on the same premises after discontinuance, a reconnection fee of thirty seven dollars (\$37.00) shall be paid.

B. Where service was discontinued with notice,

- (1) Satisfactory arrangements for payment of all bills for service then due shall be made and a reconnection fee of thirty seven dollars (\$37.00) shall be paid.
- (2) A satisfactory guarantee of payment for all future bills shall be furnished and a reconnection fee of thirty seven dollars (\$37.00) shall be paid.
- (3) The violation of these Rules and Regulations shall be corrected and a reconnection fee of thirty seven dollars (\$37.00) shall be paid.

13. Limit of Purchases

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system and/or conditions that may jeopardize the safe and proper operation of its distribution system and/or alterations in its contractual requirements of supply from its wholesale supplier that may jeopardize service to existing Customers and/or existing Qualifying Facilities.

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RULES AND REGULATIONS (Continued)

14. Special Contracts

The Company and a Qualifying Facility may enter into a separately negotiated contract for the purchase of capacity and/or energy which varies from the terms and conditions specified in these Rules and Regulations and rate schedules. All such contracts will be filed with the Florida Public Service Commission.

Issued by: John T. English, President

Effective: January 1, 2006

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Issued by: John T. English, President

Effective: January 1, 2006

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Sixth Revised Sheet No. 18
Cancels Fifth Sheet No. 18

NORTHWEST FLORIDA DIVISION
RATE SCHEDULE REN-1

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
RENEWABLE ENERGY PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Availability

Available within the territory served by the Company in Jackson, Calhoun, and Liberty Counties.

Applicability

To any cogeneration or small power producing "qualifying facility".

Character of Service

Alternating current, 60 cycle, single phase or three phase at the options of the Company, at a specified interconnection point and voltage.

Limitations of Service

The capacity rating of the QF's generator shall not exceed:

1. One-half of the Company's minimum requirements of the interconnected distribution circuit; or
2. The thermal capacity of the connected distribution lines or transformers of the Company.

Monthly Rate

1. Payments to QF's for energy sales to Company
 - A. As-Available energy is purchased at a unit cost calculated from avoided fuel costs. Avoided energy costs are the Company's actual fuel cost for energy purchased by the Company from its wholesale supplier for the applicable calendar month.
 - B. The actual fuel costs as defined above will be adjusted upward by a fixed percentage factor for avoided line losses (if any). Such factor will be determined by the Company for each QF based upon the locations of the QF on the Company's distribution system and the applicable voltage level.
 - C. The current base fuel cost in the energy rate of the Company's wholesale supplier is 3.823 cents per KWH.
 - D. Because the Company's avoided energy cost is based on the wholesale supplier's monthly average fuel cost for energy, the price per KWH is uniform without regard to time of day or system peak, and no variations in computing the amount to be paid is made on the basis of metering techniques.

Issued by: Jeffrey Householder, President

Effective:

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NORTHWEST FLORIDA (MARIANNA) DIVISION
RATE SCHEDULE REN-1

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
RENEWABLE ENERGY PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Continued from Sheet No. 18

2. Charges to Qualifying Facility
 - A. Customer charge for meter reading, billing and other administrative costs shall be equal to the currently monthly customer facilities charge as set forth in the rate schedule which is applicable to the QF for the purchase of energy from the Company.
 - B. Interconnection Charge
The QF shall bear the cost required for the interconnecting the QF, including metering. The QF shall have the option of payment in full for interconnection or making equal monthly installment payments with interest over a period not exceeding 36 months toward the full cost of such interconnection. In the event that the QF elects the monthly installment option, the initial contract term of service shall not be less than the total months over which such installment payments are to be made.

Term of Service

Service under this rate schedule shall be by written contract for a period of one or more years, but such contract shall not require such energy to be offered on any basis other than as available.

Special Provisions

1. It shall be the QF's responsibility to inform the Company in writing of any change in the QF's electric generating capacity.
2. Any electric service delivered by the Company to the QF shall be metered separately and billed under the rate schedule applicable to the Company's other customers with similar load characteristics. The terms and conditions of the Company's standard rate schedule applicable to the class of service shall pertain.
3. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

Issued by: John T. English, President

Effective: January 1, 2006

Florida Public Utilities Company
F.P.S.C. Renewable Energy Tariff
Original Volume No. I

Sixth Revised Sheet No. 20
Cancels Fifth Sheet No. 20

NORTHWEST FLORIDA DIVISION
RATE SCHEDULE REN-1

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
RENEWABLE ENERGY PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Continued from Sheet No. 19

Estimated Future Rates

The following are the current estimates of the Company's future average rates for the purchase of as-available energy from QF's. These are based on data of estimated fuel costs of the Company's wholesale supplier and are for informational purposes only.

<u>Year</u>	<u>Estimated Average Rate per KWH</u>
2006	2.31 cents
2007	2.38 cents
2008	4.109 cents
2009	5.851 cents
2010	5.705 cents
2011	5.056 cents
2012	4.840 cents
2013	3.823 cents

Issued by: Jeffrey Householder, President

Effective:

Florida Public Utilities Company
F.P.S.C. Renewable Energy Tariff
Original Volume No. 1

Fourth Revised Sheet No. 21
Cancels Third Revised Sheet No. 21

NORTHWEST FLORIDA DIVISION
RATE SCHEDULE REN-2

STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM
RENEWABLE ENERGY PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Purpose

The purpose of this tariff is to promote the generation of firm power by qualifying facilities so that the Company can commit to the reduction by a specified amount of capacity of demand on its wholesale supplier's system thereby freeing an equivalent amount of capacity in the supplier. Through the QF's commitment to the Company and the Company's commitment to its supplier, the QF's generation capacity may be used by the supplier to defer additional generation plant, either in its system or in that of another generating utility in the state.

Availability

Available within the territory served by the Company in Jackson, Calhoun, and Liberty Counties.

Applicability

To any cogeneration or small power producing "qualifying facility" who contract with Company for the sale of firm energy and capacity and who meet the eligibility criteria set out in Rule 25-17.83(3)(a) of the Florida Public Service Commission.

Character of Service

Alternating current, 60 cycle, single phase or three phase at the options of the Company, at a specified interconnection point and voltage.

Limitations of Service

The capacity rating of the QF's generator shall not exceed:

1. One-half of the Company's minimum requirements of the interconnected distribution circuit; or
2. The thermal capacity of the connected distribution lines or transformers of the Company.

Monthly Rate

1. Capacity Payments
 - A. Amount
Payments to QF for capacity to the Company:
Each KW of Billing Capacity - \$0.00
 - B. Basis of Payment
Payments to QF for capacity to the Company are based on the avoided demand (capacity) cost to the Company from its wholesale supplier if and when the QF's capacity does result in a reduction in the applicable month's billing demand.

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NORTHWEST FLORIDA (MARIANNA) DIVISION
RATE SCHEDULE REN-2

STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM
RENEWABLE ENERGY PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Continued from Sheet No. 21

Monthly Rate (continued)

- C. Determination of Billing Capacity
The Billing Capacity in any month shall be the KW capacity supplied by the QF during that month or a previous month which has actually reduced the Company's KW billing demand for that month. The billing demand referred to herein means that KW which the company is billed each month by its wholesale supplier in accordance with the provisions of the supplier's wholesale tariff. The Company's billing demand from its wholesale supplier in any month is the maximum measured demand at the time of the CP of the wholesale supplier. The KW billing demand at the wholesale supplier's delivery point serving the Company's distribution system to which the QF is interconnected shall be the basis of determining Billing Capacity
- D. Measurement
The QF's capacity input shall be measured on a time-differentiated demand meter.
- 2. Energy Payments
Firm energy is purchased pursuant to the Company's Rate Schedule REN-1 (As-Available Energy).
- 3. Charges to the QF:
 - A. Customer charge for meter reading, billing and other administrative costs shall be equal to the currently monthly customer facilities charge as set forth in the rate schedule which is applicable to the QF for the purchase of energy from the Company.
 - B. Interconnection Charge
The QF shall bear the cost required for interconnecting, including metering. The QF shall have the options of payment in full for interconnection or making 36 equal monthly installment payments with interest toward the full cost of such interconnection.

Term of Service

Contract for service hereunder shall be for an initial period of not less than ten years.

Issued by: John T. English, President

Effective: January 1, 2006

Florida Public Utilities Company
F.P.S.C. Renewable Energy Tariff
Original Volume No. I

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Cancels Fifth Sheet No. 23

NORTHWEST FLORIDA DIVISION
RATE SCHEDULE REN-2

STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM
RENEWABLE ENERGY PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Continued from Sheet No. 22

Special Provisions

1. It shall be the QF's responsibility to inform the Company in writing of any change in the QF's electric generating capacity.
2. The QF shall agree to maintain a seventy percent capacity factor for energy delivered on a 12-month rolling average basis. Failure to do so may disqualify the QF for capacity payments under this rate schedule.
3. Any electric service delivered by the Company to the QF shall be metered separately and billed under the rate schedule applicable to the Company's other customers with similar load characteristics. The terms and conditions of the Company's standard rate schedule applicable to the class of service shall pertain.
4. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

Estimated Future Rates

The following are the currently estimates of the Company's future average rates for the purchase of firm capacity and energy from QF's. These are based on data of estimated capacity and fuel costs of the Company's wholesale supplier and are for informational purposes only.

Year	Estimate Average Rate	
	Capacity \$ per KW	Energy cents per KWH
2006	\$7.10	2.31 cents
2007	\$7.25	2.38 cents
2008	\$7.80	4.109 cents
2009	\$0.00	5.851 cents
2010	\$0.00	5.705 cents
2011	\$0.00	5.056 cents
2012	\$0.00	4.840 cents
2013	\$0.00	3.823 cents

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Florida Public Utilities Company
F.P.S.C. Renewable Energy Tariff
Original Volume No. I

Sixth Revised Sheet No. 24
Cancels Fifth Sheet No. 24

NORTHEAST FLORIDA DIVISION
RATE SCHEDULE REN-1

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
RENEWABLE ENERGY PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Availability

Available within the territory served by the Company in Nassau County.

Applicability

To any cogeneration or small power producing "qualifying facility".

Character of Service

Alternating current, 60 cycle, single phase or three phase at the options of the Company, at a specified interconnection point and voltage.

Limitations of Service

The capacity rating of the QF's generator shall not exceed:

1. One-half of the Company's minimum requirements of the interconnected distribution circuit; or
2. The thermal capacity of the connected distribution lines or transformers of the Company.

Monthly Rate

1. Payments to QF's for energy sales to Company
 - A. As-Available energy is purchased at a unit cost calculated from avoided fuel costs. Avoided energy costs are the Company's actual fuel cost for energy purchased by the Company from its wholesale supplier for the applicable calendar month.
 - B. The actual fuel costs as defined above will be adjusted upward by a fixed percentage factor for avoided line losses (if any). Such factor will be determined by the Company for each QF based upon the locations of the QF on the Company's distribution system and the applicable voltage level.
 - C. The current base fuel cost in the energy rate of the Company's wholesale supplier is 4.360 cents per KWH.
 - D. Because the Company's avoided energy cost is based on the wholesale supplier's monthly average fuel cost for energy, the price per KWH is uniform without regard to time of day or system peak, and no variations in computing the amount to be paid is made on the basis of metering techniques.

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Original Volume No. I

Original Sheet No. 25

NORTHEAST FLORIDA (FERNANDINA BEACH) DIVISION
RATE SCHEDULE REN-1

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
RENEWABLE ENERGY PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Continued from Sheet No. 24

2. Charges to Qualifying Facility
 - A. Customer charge for meter reading, billing and other administrative costs shall be equal to the currently monthly customer facilities charge as set forth in the rate schedule which is applicable to the QF for the purchase of energy from the Company.
 - B. Interconnection Charge
The QF shall bear the cost required for the interconnecting the QF, including metering. The QF shall have the option of payment in full for interconnection or making equal monthly installment payments with interest over a period not exceeding 36 months toward the full cost of such interconnection. In the event that the QF elects the monthly installment option, the initial contract term of service shall not be less than the total months over which such installment payments are to be made.

Term of Service

Service under this rate schedule shall be by written contract for a period of one or more years, but such contract shall not require such energy to be offered on any basis other than as available.

Special Provisions

1. It shall be the QF's responsibility to inform the Company in writing of any change in the QF's electric generating capacity.
2. Any electric service delivered by the Company to the QF shall be metered separately and billed under the rate schedule applicable to the Company's other customers with similar load characteristics. The terms and conditions of the Company's standard rate schedule applicable to the class of service shall pertain.
3. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

Issued by: John T. English, President

Effective: January 1, 2006

Florida Public Utilities Company
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Cancels Fifth Sheet No. 26

NORTHEAST FLORIDA DIVISION
RATE SCHEDULE REN-1

STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY FROM
RENEWABLE ENERGY PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Continued from Sheet No. 25

Estimated Future Rates

The following are the current estimates of the Company's future average rates for the purchase of as-available energy from QP's. These are based on data of estimated fuel costs of the Company's wholesale supplier and are for informational purposes only.

<u>Year</u>	<u>Estimated Average</u> <u>Rate per KWH</u>
2006	1.95 cents
2007	2.474 cents
2008	4.014 cents
2009	5.514 cents
2010	4.416 cents
2011	5.064 cents
2012	4.774 cents
2013	4.360 cents

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Original Volume No. I

Fourth Revised Sheet No. 27
Cancels Third Revised Sheet No. 27

NORTHEAST FLORIDA DIVISION
RATE SCHEDULE REN-2

STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM
RENEWABLE ENERGY PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Purpose

The purpose of this tariff is to promote the generation of firm power by qualifying facilities so that the Company can commit to the reduction by a specified amount of capacity of demand on its wholesale supplier's system thereby freeing an equivalent amount of capacity in the supplier. Through the QF's commitment to the Company and the Company's commitment to its supplier, the QF's generation capacity may be used by the supplier to defer additional generation plant, either in its system or in that of another generating utility in the state.

Availability

Available within the territory served by the Company in Nassau County.

Applicability

To any cogeneration or small power producing "qualifying facility" who contract with Company for the sale of firm energy and capacity and who meet the eligibility criteria set out in Rule 25-17.83(3)(a) of the Florida Public Service Commission.

Character of Service

Alternating current, 60 cycle, single phase or three phase at the options of the Company, at a specified interconnection point and voltage.

Limitations of Service

The capacity rating of the QF's generator shall not exceed:

1. One-half of the Company's minimum requirements of the interconnected distribution circuit; or
2. The thermal capacity of the connected distribution lines or transformers of the Company.

Monthly Rate

1. Capacity Payments

A. Amount

Payments to QF for capacity to the Company:
Each KW of Billing Capacity - \$11.38

B. Basis of Payment

Payments to QF for capacity to the Company are based on the avoided demand (capacity) cost to the Company from its wholesale supplier if and when the QF's capacity does result in a reduction in the applicable month's billing demand.

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Original Volume No. 1

Original Sheet No. 28

NORTHEAST FLORIDA (FERNANDINA BEACH) DIVISION
RATE SCHEDULE REN-2

STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM
RENEWABLE ENERGY PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Continued from Sheet No. 27

Monthly Rate (continued)

- C. Determination of Billing Capacity
The Billing Capacity in any month shall be the KW capacity supplied by the QF during that month or a previous month which has actually reduced the Company's KW billing demand for that month. The billing demand referred to herein means that KW which the Company is billed each month by its wholesale supplier in accordance with the provisions of the supplier's wholesale tariff. The Company's billing demand from its wholesale supplier in any month is the maximum measured demand in the month. The KW billing demand at the wholesale supplier's delivery point serving the Company's distribution system to which the QF is interconnected shall be the basis of determining Billing Capacity.
- D. Measurement
The QF's capacity input shall be measured on a time-differentiated demand meter.
- 2. Energy Payments
Firm energy is purchased pursuant to the Company's Rate Schedule REN-1 (As-Available Energy).
- 3. Charges to the QF:
 - A. Customer charge for meter reading, billing and other administrative costs shall be equal to the current monthly customer facilities charge as set forth in the rate schedule which is applicable to the QF for the purchase of energy from the Company.
 - B. Interconnection Charge
The QF shall bear the cost required for interconnecting, including metering. The QF shall have the option of payment in full for interconnection or making 36 equal monthly installment payments with interest toward the full cost of such interconnection.

Term of Service

Contract for service hereunder shall be for an initial period of not less than ten years.

Issued by: John T. English, President

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Cancels Fifth Sheet No. 29

NORTHEAST FLORIDA DIVISION
RATE SCHEDULE REN-2

STANDARD RATE FOR PURCHASE OF FIRM ENERGY FROM
RENEWABLE ENERGY PRODUCTION FACILITIES
(QUALIFYING FACILITIES)

Continued from Sheet No. 28

Special Provisions

1. It shall be the QF's responsibility to inform the Company in writing of any change in the QF's electric generating capacity.
2. The QF shall agree to maintain a seventy percent capacity factor for energy delivered on a 12-month rolling average basis. Failure to do so may disqualify the QF for capacity payments under this rate schedule.
3. Any electric service delivered by the Company to the QF shall be metered separately and billed under the rate schedule applicable to the Company's other customers with similar load characteristics. The terms and conditions of the Company's standard rate schedule applicable to the class of service shall pertain.
4. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

Estimated Future Rates

The following are the currently estimates of the Company's future average rates for the purchase of firm capacity and energy from QF's. These are based on data of estimated capacity and fuel costs of the Company's wholesale supplier and are for informational purposes only.

<u>Year</u>	<u>Estimate Average Rate</u>	
	<u>Capacity</u> <u>\$ per KW</u>	<u>Energy</u> <u>cents per KWH</u>
2006	\$6.00	1.95 cents
2007	\$7.00	2.474 cents
2008	\$7.00	4.014 cents
2009	\$8.91	5.514 cents
2010	\$10.67	4.416 cents
2011	\$11.38	5.064 cents
2012	\$11.38	4.774 cents
2013	\$11.38	4.360 cents

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Florida Public Utilities Company
F.P.S.C. Renewable Energy Tariff
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Original Sheet No. 30

FLORIDA PUBLIC UTILITIES COMPANY

AGREEMENT FOR PARALLEL OPERATION OF QUALIFYING
CUSTOMER-OWNED RENEWABLE ENERGY ELECTRIC GENERATION FACILITIES

THIS AGREEMENT made and entered into as of this _____ day of _____ by and between _____ with offices at _____ hereinafter referred to as the "Qualifying Facility" and Florida Public Utilities Company hereinafter referred to as the "Company".

WITNESSETH:

That, in consideration of the terms and covenants hereinafter contained and incorporated herein by reference, the parties hereto agree as follows:

- 1. The customer has a means of generating electric energy at the following location:

and agrees to meet Florida Public Service Commission Rule 25-17.87, Interconnection and Standards. This rule outlines the general standards for safety and interconnection to Company lines and is attached hereto as Exhibit.

- 2. The generating plant is described as follows:

- A. Qualifying small power producer ___ or cogenerator ___.
- B. Power Source (solar, wind, steam, hydro, etc.)_____.
- C. Manufacturer's Name and Address:

Issued by: John T. English, President

Effective: January 1, 2006

Florida Public Utilities Company
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- D. Manufacturer's Reference Number, Type, Style, Model Number, etc.: _____
 - E. Manufacturers Serial Number: _____
 - F. Name Plate Rating: _____
 - G. Maximum Rate of Energy Delivery to Company _____ KVA.
 - H. Normal Rate of Energy Delivery to Company _____ KVA.
 - I. Firm Capacity Delivered to Company _____ KW.
 - J. Normal Monthly Energy Delivery to Company _____ KWH.
 - K. Other Pertinent Data: _____
3. The Qualifying Facility agrees to abide by the terms and provisions of Rate Schedule _____ attached hereto as Exhibit ____.
 4. Energy and capacity (if applicable) purchased by Company from Qualifying Facility under the terms of this contract will be paid for in accordance with Rate Schedule _____ as approved by the Florida Public Service Commission from time to time.
 5. Standby, maintenance and supplementary power for the operation of the electric generating system and associated cogeneration plant load, if applicable, will be supplied separately under the Company's applicable filed standard rate schedules.
 6. The Qualifying Facility shall pay the Company on or before the effective date of this Agreement a charge of _____ (Dollars) for equipment modifications and services furnished solely due to the interconnection of the Qualifying facility's generator to the Company's system. The Qualifying Facility at its options may pay the above amount in _____ equal monthly installments beginning with the effective date of this Agreement. In such event Qualifying Facility agrees to pay Company by the 15th of each month _____ (Dollars) per month, plus interest at the 30-day Commercial Paper Rate as published in the Wall Street Journal, on the first business day of the month.

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Effective: January 1, 2006

Florida Public Utilities Company
F.P.S.C. Renewable Energy Tariff
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Continued from Sheet No. 31

When Qualifying Facility has elected to make the above payment in installments, Qualifying Facility agrees to pay Company any amount which may be due Company by Qualifying facility on any account according to the terms of this Agreement, Qualifying Facility hereby waives all exemptions under the constitution and laws of the State of Florida, or any other state as to personal property and agrees to pay all costs of collecting any such amounts, including a reasonable attorney's fee if said amounts are not paid when due.

7. The metering system for the electric generating equipment will be installed by Company at Qualifying Facility's expense. The meter(s) for purchase of energy and capacity (if applicable) will be located to measure the net output of the generator or the net surplus of energy from the Qualifying Facility's installation.
8. If at any time Qualifying Facility desires to decrease or increase the capacity to be maintained by Qualifying facility as set forth in this Agreement, Qualifying Facility shall give written notice thereof, to Company and Company shall as soon thereafter as reasonably practical, submit to Qualifying Facility a proposal outlining the rates, terms and conditions under which such changes in capacity may be rendered subject to the rules, regulations and conditions under which Company may then be operating.
9. In the event the Qualifying Facility's maximum output of capacity to the Company at any time exceeds the capacity required to be maintained by ten percent (10%) or more Qualifying Facility shall be liable for all resulting damage to Company's facilities and equipment and Company may interrupt the service without notice to Qualifying Facility but shall be under no duty to do so.
10. When purchases from Qualifying Facility will impair Company's ability to give adequate service to its customers or, due to operational circumstances, purchases from Qualifying Facility will result in costs greater than those which Company would incur if it did not make such purchases, or otherwise place an undue burden on Company, the Company may interrupt the purchase of electricity from Qualifying Facility. Such interruptions shall not constitute a breach of this Agreement.

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Effective: January 1, 2006

Florida Public Utilities Company
F.P.S.C. Renewable Energy Tariff
Original Volume No. I

Original Sheet No. 33

Continued from Sheet No. 32

11. Liability insurance in the amount of \$_____ indemnifying Company against loss or liability due to the presence or operation of Qualifying Facility's generator and interconnections shall be furnished by Qualifying Facility and certified by his agent annually and upon any change of the policy.
12. A surety bond in the amount of \$_____ shall be required to guarantee repayment to Company any monies that may be due Company for interconnection costs borne by Company in Qualifying Facility's behalf. If applicable, a second surety bond in the amount of \$_____ shall be required to guarantee capacity payment refunds and penalties in the event of Qualifying Facility's failure to deliver capacity in accordance with this Agreement.
13. Qualifying Facility agrees to accept and be bound by all rules and regulations of Company in connection with the service hereby covered, which are now or may hereafter be filed with, issued or promulgated by the Florida Public Service Commission or other governmental bodies having jurisdiction thereof.
14. Whenever written notice is required to be given by either party it shall be by registered mail, return receipt required. Any period designated for notice shall commence on the date of mailing.
15. This Agreement shall become effective on the _____ day of _____, and shall be in full force and effect for a period of _____ (years) and shall continue thereafter until terminated by either party by written notice sixty (60) days prior to termination. This Agreement shall be binding upon and extend to the heirs, or successors and assigns of the respective parties hereto shall not be assigned without prior written consent of Company.
16. This agreement is to be consummated only by the written approval of Company as required below; no other contract and no other agreement, consideration or stipulation modifying or changing the tenure thereof shall be recognized or binding unless they are so approved.

Issued by: John T. English, President

Effective: January 1, 2006

Florida Public Utilities Company
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Continued from Sheet No. 33

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

Attest:

FLORIDA PUBLIC UTILITIES COMPANY

By _____
Title _____
Date _____

Attest:

By _____
Title _____
Date _____

Issued by: John T. English, President

Effective: January 1, 2006