

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of )  
Cogeneration Contract between )  
Florida Power Corporation )  
and Pasco County )

Docket No. 890598-EQ

PETITION FOR APPROVAL

FLORIDA POWER CORPORATION (FPC), by and through its undersigned counsel, petitions this Commission to approve a negotiated non-standard offer contract between Florida Power Corporation and Pasco County (the "QF"), a qualifying facility, and in support thereof says:

1. The names and addresses of the persons authorized to receive notices and communications in respect to this petition are:

James P. Fama  
Corporate Counsel  
Florida Power Corporation  
P.O. Box 14042  
St. Petersburg, FL 33733

J. Ben Harrill  
County Attorney  
Pasco County  
7530 Little Road  
New Port Richey, FL 33553

1. FPC is an electric utility subject to the jurisdiction of the Florida Public Service Commission.

2. QF is a qualifying facility pursuant to Rule 25-17.08, F.A.C.

3. FPC and QF have entered into a non-standard offer contract which is in compliance with the rules of this Commission, Rule 25-17.08, et. seq., F.A.C. A copy of the contract is attached hereto.

4. QF has an interconnection agreement with FPC, which is in compliance with the rules of this Commission, Rule 25-17.087, F.A.C. A copy of the interconnection agreement is attached hereto.

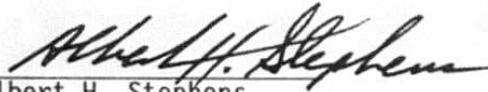
WHEREFORE, FPC petitions this Commission to:

DOCUMENT NUMBER-DATE  
04233 APR 28 1989  
FPSC-RECORDS/REPORTING

1. Approve said negotiated non-standard offer contract for implementation as being in compliance with the rules of this Commission.
2. Enter such other orders as the Commission may deem appropriate.

Respectfully submitted,

OFFICE OF THE GENERAL COUNSEL  
FLORIDA POWER CORPORATION



Albert H. Stephens  
General Counsel  
P.O. Box 14042  
St. Petersburg, FL 33733  
(813) 866-4588

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Petition for Approval has been furnished by U.S. mail this 27th day of April, 1989 to:

Legal Department  
Florida Public Service Commission  
101 East Gaines Street  
St. Petersburg, FL 33701

Scott G. Mackin, Esquire  
Ogden Projects, Inc.  
40 Lane Road - CN 2615  
Fairfield, N.J. 07007-2615

J. Ben Harrill, Esquire  
County Attorney  
Pasco County  
7530 Little Road  
New Port Richey, FL 33553

Robert G. Varner, Jr., Esquire  
Bishop, Cook, Purcell & Reynolds  
1400 L Street, N.W.  
Washington, D.C. 20005-3502

John J. Gallagher  
County Administrator  
Pasco County  
7530 Little Road  
New Port Richey, FL 33553



Albert H. Stephens

CONTRACT FOR THE PURCHASE OF FIRM ENERGY  
AND CAPACITY FROM PASCO COUNTY

THIS AGREEMENT, made and entered into as of the 28<sup>th</sup> of March, 1989, by and between Pasco County, a political subdivision of the State of Florida, hereinafter referred to as the "COUNTY" and Florida Power Corporation, a private utility corporation having its principal place of business at St. Petersburg, Florida, and authorized to do business in the State of Florida, hereinafter referred to as the "Company".

WITNESSETH:

WHEREAS, the COUNTY proposes to own and contract for the construction, operation and maintenance of a Resource Recovery Facility (the "Facility") located in Section 25, Township 24 South, Range 17 East, in the COUNTY and having an installed electric generating capacity of approximately thirty megawatts (30 MW) of electric power; and

WHEREAS, the parties agree that the Facility can be a satisfactory and reliable source of electric power generation for thirty (30) years commencing January 1, 1995;

WHEREAS, the COUNTY is prepared to accept a legally enforceable obligation to provide firm power to the Company;

WHEREAS, the parties have consequently agreed to provide for payment for the provision of firm power;

WHEREAS, the Facility will generate electric energy utilizing steam produced by the resource recovery process and will generate more electric energy than is used at the Facility resulting in excess electric energy all of which the COUNTY proposes to sell the Company; and



WHEREAS, the COUNTY proposes to make available and to sell approximately twenty-three megawatts (23 MW) of net electric capacity; and

WHEREAS, subject to the terms and conditions of this Agreement, the COUNTY desires to sell and deliver and the Company desires to purchase and accept said net electric energy and capacity for the term of this Agreement; and

WHEREAS, the COUNTY has executed a separate Interconnection Agreement with the Company in whose service territory the COUNTY's Facility will be located;

NOW, THEREFORE, in consideration of the monies hereinafter agreed to be paid and the mutual covenants to be performed by each of the parties hereto, as hereinafter set forth, said parties do hereby mutually agree as follows:

#### 1.0 DEFINITIONS

The following are definitions of certain terms used in this Agreement:

1.1 Appendix or Appendices means the schedules, exhibits and attachments which are incorporated in and made part of this Agreement except that Appendix D is a separate agreement and is not incorporated herein by reference.

1.2 Committed Capacity means the kilowatt capacity defined pursuant to subsection 5.1 as adjusted pursuant to this Agreement.

1.3 Effective Date means the date an order is made effective by the FPSC approving this Agreement for full cost recovery.

1.4 FPSC means the Florida Public Service Commission and its successor.

1.5 Interconnection Agreement means that separate agreement addressing the electrical interconnection requirements attached hereto as Appendix D.



1.6 Net Electric Energy means all electric energy generated by the Resource Recovery Facility in excess of the electric energy used by the Facility for Facility operations.

1.7 On-Peak Period(s) means those daily time periods specified in Appendix B, as such periods shall be extended or reduced on a daily basis from time to time. Any amendment to Appendix B shall not be deemed to be an amendment or modification to this Agreement for purposes of Section 16.0.

1.8 Point of Delivery means the overhead strain insulator on the high voltage structure of the FPC Hudson Substation.

1.9 Resource Recovery Facility means the refuse-fired steam generating facility (and ancillary and supportive facilities located on the Facility site) incorporating one or more steam generating units and processing equipment capable of recovering those materials remaining after burning operations.

1.10 Section means a Section of this Agreement.

1.11 State means the State of Florida.

## 2.0 BASIC CONSIDERATION:

The COUNTY will own the Facility and will enter into a contract with a Facility operator for the operation and maintenance thereof in connection with refuse disposal services provided on a COUNTY-wide basis and for the performance of the COUNTY's obligations with respect to the scheduling and delivery of Net Electric Energy and capacity to the Company. The COUNTY expects the Facility to commence commercial operations by September 30, 1991, pursuant to the definition of commercial in-service date contained in Rate Schedule COG-2, attached hereto as Appendix C. The COUNTY will sell and deliver Net Electric Energy to the Company and the Company agrees to purchase and accept Net Electric Energy and capacity from the COUNTY under the terms and conditions set forth in this Agreement.

and accept Net Electric Energy and capacity from the COUNTY under the terms and conditions set forth in this Agreement.

### 3.0 TERM OF AGREEMENT

The term of this Agreement shall begin on the Effective Date and shall expire at 24:00 hours on December 31, 2024. Notwithstanding the foregoing, if construction and commercial operations of the Facility are not accomplished by the COUNTY prior to January 1, 1995, the Company shall be relieved of its obligation to make capacity payments under this Agreement; provided however, if the Facility does not achieve commercial operation by January 1, 1995, the Company agrees to make capacity payments to the COUNTY based on the procedure and pricing parameters in subsection 6.1.5.

### 4.0 OPERATING CONDITIONS

During the term of this Agreement, the COUNTY shall:

4.1 Operate the generating units in accordance with Appendix D - the Interconnection Agreement.

4.2 Provide the Company prior to December 1 of each calendar year an estimate of the amount of electricity to be generated by the Facility and delivered to the Company for each month of the following calendar year.

4.3 Promptly update the yearly generation schedule and scheduled outage and maintenance periods as and when the COUNTY determines any changes may be necessary.

4.4 Provide the Company by telephone prior to 9:00 A.M. of each day an estimate of the amount of electrical generation for the next succeeding day.

4.5 Coordinate scheduled outages and maintenance of the Facility with the Company.

4.6 Comply with reasonable requirements of the Company regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement.

4.7 Reduce, curtail, or interrupt electrical generation or take other appropriate action which may be necessary to address an emergency.

4.8 Adjust reactive power flow in the interconnection so as to maintain a normal power factor of 1.00 except as may be reasonably requested by the Company within the range of 0.85 leading to 0.85 lagging power factor.

#### 5.0 TERMS OF PURCHASE AND SALE

The COUNTY shall sell and deliver to the Point of Delivery and the Company agrees to purchase, receive and accept, at the price specified in Section 6.0, et seq. the Net Electric Energy generated at the Facility. The Company shall also purchase and accept the Committed Capacity. Any amendment to Committed Capacity will neither affect the COUNTY's obligation to sell nor the Company's obligation to purchase and accept the Net Electric Energy.

#### 5.1 Capacity Commitment

5.1.1 Of that amount of electric power generated at the Facility, the COUNTY anticipates that it will commit and make available to the Company twenty-three megawatts (23 MW) of Facility capacity, beginning on January 1, 1992.

5.1.2 Prior to January 1, 1992, the COUNTY shall have the one-time option of amending subsection 5.1.1 hereof to specify a change in the amount of Committed Capacity by providing written notice to the Company of such change. Upon such notice, the COUNTY and the Company shall forthwith amend subsection 5.1.1. Such amendment shall specify that such change shall be the Committed Capacity rather than the anticipated Committed Capacity for purposes of this Agreement. If the COUNTY does not give such notice to the Company



prior to January 1, 1992, the anticipated Committed Capacity specified in subsection 5.1.1 shall thereafter be the Committed Capacity for purposes of this Agreement.

5.1.3 On or after January 1, 1992 and prior to January 1, 2010, the COUNTY may reduce its Committed Capacity applicable to the five (5) year period from January 1, 2015 through December 31, 2019. On or after January 1, 2010, and prior to January 1, 2015, the COUNTY may reduce its Committed Capacity for the five (5) year period from January 1, 2020 through December 31, 2024. Should the COUNTY elect to reduce its Committed Capacity pursuant to this subsection 5.1.3, capacity payments applicable to such Committed Capacity shall be calculated in accordance with subsection 6.1.3 hereof.

5.1.4 If, on or after January 1, 1992, the COUNTY determines that it is permanently unable, due to the occurrence of a force majeure event, to make available to the Company the Committed Capacity, the COUNTY may, upon notice to the Company, reduce the amount of Committed Capacity to that amount which it determines it can make available. If the COUNTY reduces its Committed Capacity as provided in this subsection 5.1.4 and in accordance with Section 18.0, the Company, effective the date of the notice from the COUNTY, shall resume its capacity payment obligation on the basis of such reduced Committed Capacity levels.

Commencing with the first monthly payment to be made by the Company to the COUNTY for capacity made available at the reduced Committed Capacity level, the Company shall reduce its capacity payments applicable to such level for the month, by an amount equal to the capacity payments applicable to: (i) the capacity reduction or (ii) fifty percent (50%) of the reduced Committed Capacity level, whichever amount affords the COUNTY the highest amount of capacity payments for such month. Such reduction shall reduce the aggregate

five (5) consecutive years; (ii) the termination of capacity payments pursuant to subsection 5.1.3; (iii) the expiration of the term of this Agreement; or (iv) the period prior to the reduction, during which capacity payments were made under this Agreement. Such reduction shall in no case require the COUNTY to make capacity payments to the Company except as required by subsection 6.1.8.

5.2 The COUNTY will schedule electric power generation so that maximum output occurs during the same period as the Company's maximum load requirement, and will likewise schedule its minimum output during the Company's light load periods.

5.3 If the Company is unable or unwilling to receive any electric energy due to the occurrence of events resulting from the willful or intentional act(s) or omission(s) or negligence of the Company, its agents, servants, or employees, the Company will be obligated to make capacity payments which the COUNTY would be otherwise qualified to receive, and will pay for energy actually received, if any, but shall not be obligated to pay for energy which the COUNTY would have delivered but for such occurrence.

## 6.0 CAPACITY AND ENERGY PURCHASE PRICE

### 6.1 Capacity

6.1.1 At the end of each billing month for capacity made available, beginning on and after January 1, 1992, the Company will calculate the most recent twelve (12) month rolling average capacity factor including such month, based on the COUNTY's Committed Capacity.

6.1.2 If the Capacity Factor calculated pursuant to subsection 6.1.1 hereof is seventy percent (70%) or greater, the Company agrees to pay the COUNTY a capacity payment that is the product of (i) the COUNTY's Committed Capacity in terms of kilowatts and (ii) the applicable rate for the period in

question from Appendix A attached hereto; provided however, that the capacity payment shall be multiplied by the FPSC approved risk factor if the 1.0 risk factor referenced in subsection 6.3 hereof is not approved by the FPSC prior to the commencement of capacity payments.

6.1.3 Should the COUNTY elect to amend its Committed Capacity for the five year period from January 1, 2015 through December 31, 2019 pursuant to subsection 5.1.3, the Company and the COUNTY will negotiate a capacity payment schedule on the basis of the Company's avoided capacity costs which will not exceed the capacity payment rates in Appendix A, as applicable, for such five year period nor will it be less than the capacity payment rates for the year 2014, as applicable, in Appendix A.

Should the COUNTY elect to amend its Committed Capacity for the five year period from January 1, 2020 through December 31, 2024 pursuant to subsection 5.1.3, the Company and the COUNTY will negotiate a capacity payment schedule on the basis of the Company's avoided capacity costs which will not exceed the capacity payment rates in Appendix A, as applicable, for such five year period nor will it be less than the capacity payment rates for the year 2019, as applicable, in Appendix A; provided however, that if the COUNTY elected to amend its Committed Capacity for the period from January 1, 2015 through December 31, 2019, the minimum capacity payment rate will be the previously negotiated capacity payment schedule on the basis of the Company's avoided capacity costs applicable to the year 2019.

Nothing in this subsection shall change the basis for calculating energy payments.

6.1.4 In calculating the capacity factors pursuant to subsection 6.1.1, the parties agree to exclude hours and Net Electric Energy delivered by the COUNTY during the periods in which: (i) the Company does not or cannot perform its obligations to receive all the Net Electric Energy which the COUNTY can



deliver; (ii) the COUNTY has declared a force majeure; or (iii) billing demand is excluded pursuant to Section 12 of this agreement. For those hours which are included in the capacity factor calculation, the capacity factor shall be equal to the Net Electric Energy delivered during those hours divided by the sum of the Committed Capacities applicable to such hours.

6.1.5 On and after January 1, 1995, the COUNTY, upon written notice to the Company, may increase the Committed Capacity of this Facility; provided however, that the new Committed Capacity shall not make the Facility ineligible for Qualifying Facility status pursuant to the rules and regulations of the FPSC or the Federal Energy Regulatory Commission. If the COUNTY so elects, capacity payments for such incremental increase will be paid in accordance with Rate Schedule COG-2 as it is available at the time of such commitment. If Rate Schedule COG-2 is not available, the Company will make capacity and energy payments to the COUNTY applicable to such incremental increase in an amount equal to the Company's avoided capacity and energy cost, and subject to the FPSC approved risk factor, at the time of the COUNTY's written notice. This incremental capacity increase will be added to the Committed Capacity to produce a new Committed Capacity.

6.1.6 In calculating the capacity payment due to the COUNTY for its most recent month of performance, the capacity payment for which the COUNTY has otherwise qualified pursuant to subsections 6.1.1 through 6.1.5 of this Agreement, shall be adjusted, if during such month there occurred; (i) a force majeure for a portion of the month as determined pursuant to Section 18.0; (ii) a default for a portion of the month; or (iii) an adjustment to the Committed Capacity. For either or both clauses (i) and (ii), a ratio shall be calculated the numerator of which shall be the hours in the month less those applicable hours during force majeure and default, if any, and the denominator of which shall be the hours in the month. Such ratio shall be multiplied by the

applicable rate in Appendix A. For a month during which there is an adjustment (or adjustments) in the Committed Capacity, the capacity payment shall be prorated against the fractions of the month at each Committed Capacity.

## 6.2 Energy

6.2.1 For Net Electric Energy generated at the Facility and delivered by the COUNTY to the Company at the Point of Delivery each month, the Company will pay the COUNTY an amount computed as follows:

6.2.1.1 Prior to January 1, 1995, the COUNTY will receive electric energy payments based on the Company's actual avoided energy costs pursuant to Rate Schedule COG-2.

6.2.1.2 For Net Electric Energy delivered on and after January 1, 1995, the Company agrees to pay the COUNTY in accordance with the rates resulting from the procedures contained in Rate Schedule COG-2 attached hereto as Appendix C. Such procedures shall be fixed pursuant to Section 22.0.

6.2.2 Energy associated with the increased capacity commitment of subsection 6.1.5 shall be deemed to be delivered to the Company in the same proportion that the increased capacity commitment is to new Committed Capacity and payment for such proportion of energy will be in accordance with Rate Schedule COG-2 as it is available at the time of such increase in Committed Capacity; provided however, that for incremental increases in Committed Capacity that bring the new Committed Capacity to less than or equal to the January 1, 1995, Committed Capacity, the total of capacity plus energy payment shall not exceed the price per kwh that otherwise would have been computed under this Agreement. If Rate Schedule COG-2 is not available, the Company will make capacity and energy payments to the COUNTY applicable to such incremental increase in an amount equal to the Company's avoided capacity and energy cost, and subject to the FPSC approved risk factor, at the time of the COUNTY's written notice. In no case will the total payment for energy plus

capacity exceed the total payment per kwh due for energy plus capacity for the prior Committed Capacity.

6.3 The parties recognize that in 1988 the State enacted comprehensive solid waste recycling legislation but that the FPSC has not as of the date of the Company petition to the FPSC for an order approving this Agreement, promulgated regulations covering a risk factor greater than 0.8 for capacity rates for resource recovery facilities. Neither the execution of this Agreement prior to the effective date of this legislation nor the terms of this Agreement shall impair any rights of the COUNTY to receive any payments for capacity or electric energy to which it may become entitled under this legislation. If the COUNTY becomes entitled to a different capacity or energy payment under this legislation and any FPSC regulations thereunder, the COUNTY may elect to have such payments prospectively substituted for the capacity or electric energy payments, or both, in this Agreement by giving notice to the Company and taking such other action as may be required by law to entitle it to such payments. The parties agree to negotiate in good faith to modify any terms of this Agreement necessary to accommodate such substitution. Any such modification shall be subject to FPSC approval for full cost recovery to the Company.

6.4 The purchase and sale of electricity pursuant to this Agreement shall be construed as a net billing arrangement.

#### 7.0 MEASUREMENT

All Net Electric Energy delivered and made available to or received from the Company shall be capable of being measured hourly and compensated for losses to the Point of Delivery. All measurements shall be made and adjusted in accordance with the FPSC's applicable rules and regulations as the same may be amended from time to time. The metering package to measure and record



energy delivered in both directions shall be provided by the Company and shall be calibrated as part of the interconnection operation and maintenance expense as provided in Rate Schedule COG-2. Either party may require additional calibrations at the expense of the requesting party. In the event an error in calibration of two percent (2%) or more is found, the error shall be assumed to have developed linearly with time since the last calibration, and such error shall result in a corresponding adjustment to Net Electric Energy payments, and if such an energy adjustment would have otherwise qualified the COUNTY for (a) different capacity payment(s) due to revised calculations of capacity factors, such adjustment(s) shall be credited or debited against future capacity payment(s), in either or both cases, to be paid by the Company to the COUNTY in the second succeeding billing period to reflect any underpayment or overpayment made during the applicable timeframe; provided however, that interest on any additional payment by the Company or refund by the COUNTY as a consequence shall not accrue.

#### 8.0 PAYMENT PROCEDURE

Commencing at the end of the first calendar month after the date of the execution of this Agreement, payments shall be made monthly to the COUNTY in accord with the following procedure:

8.1 Payment for Net Electric Energy shall be based on the delivery of electric energy as measured in the manner specified under Section 7.0 and in accordance with subsection 6.2 et seq. of this Agreement. Capacity payments shall be calculated pursuant to subsection 6.1 et seq.

8.2 The capacity payment for a given month shall be added to the electric energy payment for such month and tendered, with cost tabulations showing the basis for payment, by the Company to the COUNTY as a single

payment. The Company agrees to make such payments to the COUNTY as promptly as possible, normally by the twentieth (20th) business day following the date the meter is read.

Monthly payments which have not been paid in full for more than forty-five (45) days following the end of the delivery month shall accrue interest at the thirty (30) day highest grade commercial paper rate in effect on the first business day of the month in which the invoice is dated, but not to exceed two percent (2%) per month from date of invoice or exceed applicable State usury limitations. Such interest shall not be added to any unpaid amount due when the amount of the delivery is disputed, except that interest shall be paid on the amount finally determined to be due and payable.

#### 9.0 DEFAULT AND TERMINATION

##### 9.1 Mandatory Default.

The COUNTY shall be in default under this Agreement if the COUNTY voluntarily (i) declares bankruptcy or (ii) ceases all electric power generation at the Facility for twelve (12) consecutive months.

##### 9.2 Optional Default.

The Company may declare the COUNTY to be in default under this Agreement: (i) if the COUNTY, after January 1, 1995, fails to receive a capacity payment per Appendix A for twenty-four (24) consecutive months, or (ii) because of the COUNTY's refusal or inability to deliver its Committed Capacity after January 1, 1995. For purposes of subsection 9.2 (ii), the Company shall give notice of intent to declare default to the COUNTY sixty (60) days prior to the declaration of any optional default.

##### 9.3 Default Remedy.

If the COUNTY shall be in default under subsections 9.1 or 9.2 hereof, the Company shall have no capacity payment obligation during such

period nor shall any capacity payment obligation accrue during such period. The COUNTY may give notice that the default is remedied and resume Committed Capacity deliveries within twelve (12) months after the COUNTY is declared to be in default under this Agreement. Thereafter, the Company shall be obligated to make capacity payments to the COUNTY in accordance with this Agreement. Beginning with such month, the capacity factor will be calculated on the assumption that such month is the first of twelve (12) months to which such capacity factor performance criteria will be imposed as contemplated in Rate Schedule COG-2, attached hereto as Schedule C, which shall not be subject to amendment pursuant to Section 22.0.

If the COUNTY's default is not remedied within such twelve (12) month period, but thereafter is remedied as provided herein, the COUNTY's right to declare force majeure shall terminate and the Company's obligation to resume any capacity payments shall terminate. Resumption of capacity payments thereafter, if any, will be at the Company's option.

#### 9.4 Agreement Survival after Default.

Except as provided in subsection 9.3 and Section 18.0 with respect to the Company's obligation to make capacity payments, default shall not relieve either party from performing their other obligations under this Agreement. Prices paid by the Company, if any, for electric capacity after default is remedied shall not be greater than those prices applicable pursuant to the terms of this Agreement. Prices paid by the Company for energy during and/or after default is remedied shall be the same as those prices applicable pursuant to the terms of this Agreement prior to default.

#### 10.0 GOVERNING LAW

The interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the State.



## 11.0 COMMUNICATIONS

Any notice, request, consent, payment or other communication required or authorized by this Agreement to be given by one party to the other party shall be in writing. It shall either be personally delivered or mailed, postage prepaid, to the representative of said other party designated in this Section 11.0. Any such notice, request, consent, payment, or other communication so delivered or mailed shall be deemed to be given when so delivered or mailed. Routine communication during Facility operations shall be exempt from this Section, 11.0.

Notices and other communications by the Company to COUNTY shall be addressed to:

Notices and other communications by the COUNTY to the Company shall be addressed to:

Thomas I. Wetherington  
Florida Power Corporation  
P.O. Box 14042  
MAC-H2J  
St. Petersburg, FL 33733  
Telephone: (813) 866-5660

Either party may change its representative by written notice to the other party.

The parties' representatives designated above shall have full authority to act for their respective principals in all technical matters relating to the performance of this Agreement. However, they shall not have the authority to amend, modify, or waive any provision of this Agreement.

## 12.0 LOSS OF SOURCE

12.1 The parties agree that the Company will petition the FPSC to modify the Standby Tariff to include the intent of subsection 12.2 hereof.

12.2 When an outage of the Facility is caused by loss of source from the Company's transmission lines or substation, no billing demand will be charged on demand used during Facility restart. Such exclusion of billing demand will be limited to a period of six (6) hours from the restoration of the interconnection. Electric energy used by the Facility during any such restart shall be charged by the Company at the standby rate as filed with and approved by the FPSC. This Section will become effective when the FPSC approves this modification to the Standby Tariff.

## 13.0 DISCLAIMER

In executing this Agreement, the Company does not, nor should it be construed to, extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the COUNTY or any assignee of this Agreement, nor does it create any third party beneficiary rights.

## 14.0 SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the COUNTY and the Company and their respective successors by operation of law, but shall not be assignable by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld.

## 15.0 SEVERABILITY

If any part of this Agreement, for any reason, be declared invalid, or unenforceable by a public authority or court of appropriate jurisdiction, then

such decision shall not affect the validity of the remainder of the Agreement, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.

#### 16.0 COMPLETE AGREEMENT AND AMENDMENTS

The terms and provisions contained in this Agreement constitute the entire agreement between the COUNTY and the Company and shall supersede all previous communications, representations, or agreements, either verbal or written, between the COUNTY and the Company with respect to the Facility and this Agreement. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed with the same formality as this Agreement by both parties hereto.

#### 17.0 RESPONSIBILITY AND INDEMNIFICATION

Both parties hereto expressly agree to indemnify and save harmless and defend the other against all claims, suits, actions, demands, costs, or expense for loss, damage, or injury to persons or property, in any manner directly or indirectly connected with or growing out of the generation, transmission, or use of electrical capacity and energy on its own side of the point of transfer of ownership, unless such claim or demand shall arise out of or result from the negligence or willful misconduct of the other party, its agents, servants, or employees, provided however, that neither party hereby assumes responsibility for damage or injury to employees of the other party when in the course and scope of said employee's employment, said other party's employees are on first party's premises.



## 18.0 FORCE MAJEURE

If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars to the other party as soon as possible after the occurrence of any such cause; which, however, shall be remedied with all possible dispatch. No capacity payment obligation shall accrue during any period of force majeure. The other obligations of the parties shall also be suspended; except that to the extent that the parties are able to partially perform their other obligations under this Agreement during the period of force majeure, they will perform such obligations. If the COUNTY notifies the Company of a force majeure event, the Company's right to declare optional default under subsection 9.2 hereof shall be suspended during the period of force majeure.

Except as provided in Section 9.3 hereof, the Company shall resume its obligation to make capacity payments if the COUNTY, within twenty-four (24) months after declaration of any force majeure event, gives written notice and: (i) reduces its Committed Capacity pursuant to subsection 5.1.4 and begins delivery of such reduced amount; or (ii) resumes its original Committed Capacity delivery; provided however, that if such notice and Committed Capacity delivery under clauses (i) or (ii) hereof do not occur within such twenty-four (24) month period, the COUNTY shall be in default of this Agreement and any obligations of the Company to resume capacity payments will be at the Company's option; and the COUNTY shall not be entitled to the one-year default remedy provided in subsection 9.3 hereof.

Prices paid by the Company for Committed Capacity after resumption of capacity payments, if any, shall not be greater than those prices applicable pursuant to the terms of this Agreement. This Section, 18.0, shall have no effect on energy prices. The expiration of the term of this Agreement



as specified in Section 3.0 shall not be extended by the period of any force majeure event without the COUNTY's written approval; said approval, if any, to be given within sixty (60) days of the end of the force majeure.

The term "force majeure" shall be taken to mean natural disasters, fire, strikes, lockouts or other industrial disturbances, flood, explosions, acts of God or the public enemy, vandalism, riots, war, sabotage, action of a court or public authority, change in the characteristics or BTU value of waste processed or to be processed at the Facility, change in law (including the adoption or change in any rule or regulation or environmental, recycling, or packaging constraints lawfully imposed by federal, State, or local government bodies) beyond that in effect as of October 15, 1988, lightning, wind, perils of the sea, and accidents to equipment or machinery, or similar occurrences; provided however, that no occurrence may be claimed to be a force majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the party attempting to make such claim. COUNTY agrees to pay the costs necessary to reactivate the Facility and/or the interconnection with the Company's system if the same are rendered inoperable due to actions of COUNTY, its agents, or force majeure events affecting the Facility or affecting the interconnection with the Company. The Company agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnection are caused by the Company or its agents.

#### 19.0 EXCLUSION OF INCIDENTAL AND CONSEQUENTIAL DAMAGES.

Except as specifically provided in subsection 5.3 of this Agreement, neither party shall be liable to the other for incidental, consequential or indirect damages, including, but not limited to, the costs of replacement power, whether arising in contract, tort, or otherwise.

## 20.0 PERMITS

The COUNTY hereby agrees to seek to obtain any and all governmental permits, certificates, or similar authority the COUNTY is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement. The Company hereby agrees, at the COUNTY's expense, to seek to obtain any and all governmental permits, certifications or similar authority the Company is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement or related to the Company's interconnection with the Facility.

## 21.0 RENEGOTIATIONS DUE TO REGULATORY CHANGES

Anything in this Agreement to the contrary notwithstanding, should the Company at any time during the term of this Agreement fail to obtain or be denied the FPSC's authorization, or the authorization of any other regulatory body which now has or in the future may have jurisdiction over the Company's rates and charges, to recover from its customers all the payments required to be made to the COUNTY under the terms of this Agreement or any subsequent amendment to this Agreement, the parties agree that the Company shall have no liability for such payments and, at the Company's option, they shall renegotiate this Agreement or any applicable amendment. If the Company exercises such option to renegotiate, the Company shall not thereafter be required to make such payments to the extent the Company's authorization to recover them from its customers is not obtained or is denied. It is the intent of the parties that the Company's payment obligations under this Agreement or any amendment thereto are conditioned upon the Company's being fully reimbursed for such payments through the Fuel and Purchased Power Costs Recovery Clause or other authorized rates or charges. Any amounts initially recovered by the Company from its ratepayers but for which recovery is

subsequently disallowed by the FPSC and charged back to the Company may be offset or credited against subsequent payments made by the Company for purchases from the COUNTY, or alternatively, shall be repaid by the COUNTY.

#### 22.0 INCORPORATION OF RATE SCHEDULE.

The parties agree that this Agreement shall be subject to all the provisions contained in the Company's published Rate Schedule COG-2 as attached hereto as Appendix C and as may be amended from time to time, except that the prices for capacity shall be those on the attached Appendix A and the pricing methodology for energy shall be that in Rate Schedule COG-2 attached hereto as Appendix C as of the date of the execution of this Agreement, unless specifically otherwise provided in this Agreement. The Rate Schedule is incorporated herein by reference.

#### 23.0 SURVIVAL OF AGREEMENT.

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

#### 24.0 WAIVERS

The failure of either party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

25.0 COUNTERPARTS

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.



IN WITNESS WHEREOF, the parties hereunto have caused these presents to be executed the day and year first above written.

ATTEST:

FLORIDA POWER CORPORATION

By: *Leahleen P. Kottwright*  
Assistant Secretary

By: *M. H. Phillips*  
M. H. Phillips  
Senior Vice President

PASCO COUNTY, FLORIDA  
By and Through its Board of  
County Commissioners.

ATTEST: *Susan Hatcher* Clerk      By: *Allyson Samsone* Chairman

By: \_\_\_\_\_  
Chief Deputy Clerk

Approved as to form:

*Ben Heintz*  
County Attorney



## APPENDIX A

## MONTHLY CAPACITY PAYMENTS

YEAR	\$/KW/MO
1992	
1993	
1994	
1995	20.06
1996	21.32
1997	22.67
1998	24.11
1999	25.63
2000	27.26
2001	28.98
2002	30.82
2003	32.77
2004	34.85
2005	37.06
2006	39.41
2007	41.91
2008	44.57
2009	47.40
2010	50.41
2011	53.61
2012	57.01
2013	60.64
2014	64.49
2015	68.59
2016	72.95
2017	77.60
2018	82.53
2019	87.79
2020	93.38
2021	99.32
2022	105.65
2023	112.38
2024	119.54

The years stated in this Appendix are those that would otherwise apply should there be no force majeure event(s); and each price listed for capacity credits shall be applicable commencing with the first hour of each stated year. If there is (are) any force majeure event(s), the application of subsequent prices shall be deferred by the sum of previous force majeure hours.

APPENDIX B  
On-Peak Periods

---

Month	Hours	Total Hours
January	7-12 & 17-22	10
February	7-12 & 17-22	10
March	7-12 & 17-22	10
April	11-22	11
May	11-22	11
June	11-23	12
July	11-23	12
August	11-23	12
September	11-23	12
October	11-22	11
November	11-22	11
December	7-12 & 17-22	10

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Note: No on-peak hours occur on Thanksgiving and Easter holidays.





**RATE SCHEDULE COG-2  
 STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
 FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES  
 (QUALIFYING FACILITIES)**

**Availability:**

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

**Applicable:**

To any cogeneration or small power production Qualifying Facility, irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract" or a separately negotiated contract. Firm Capacity and Energy are described by the Florida Public Service Commission (FPSC) Rules 25-17.083, F.A.C., and are capacity and energy produced and sold by a Qualifying Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions as to quantity, time, and reliability of delivery. Criteria for achieving Qualifying Facility status shall be those set out in FPSC Rule 25.17.080, F.A.C.

**Character of Service:**

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

**Limitation of Service:**

Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.091, F.A.C., and are limited to those qualifying Facilities which:

- A. Execute a Company "Standard Offer Contract" prior to January 1, 1993 for the Company's purchase of Firm Capacity and Energy; and
- B. Commit to commence deliveries of Firm Capacity and Energy no later than January 1, 1995, and to continue such deliveries through at least December 31, 2004.
- C. Provide capacity which would not result in the subscription limit on capacity deficit (500 MW) as identified in the FPSC Order No. 17480 to be exceeded.

**Rates for Purchases by the Company:**

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt hour, respectively, based on the value of deferring additional generating capacity in Florida. For the purpose of this schedule, a Statewide Avoided Unit has been designated by the FPSC and is considered to be a jointly owned, peninsular Florida base load generating plant consisting of one (1) 500 MW coal fired generating unit with an in-service date of April 1, 1992. Appendix A of this schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's "Standard Offer Contract" pursuant to FPSC Rules 25-17.080 through 25-17.091, F.A.C.

**A. Firm Capacity Rates**

Three options, A through C, as set forth below, are available for payment for Firm Capacity which is produced by the Qualifying Facility and delivered to the Company. Once selected, an option shall remain in effect for (Continued on Page No. 2)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 26, 1988





**RATE SCHEDULE COG-2**  
**STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY**  
**FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES**  
**(QUALIFYING FACILITIES)**  
 (Continued from Page No. 1)

**Firm Capacity Rates: (Continued)**

the term of the contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity the Qualifying Facility has contractually committed to deliver to the Company and are based on a contract term which extends a minimum of ten (10) years beyond the anticipated in-service date of the Statewide Avoided Unit (i.e., through December 31, 2004). Payment schedules for longer contract terms will be made available to a Qualifying Facility upon request and may be calculated based on the methodologies described in Appendix A.

Option A - Fixed Value of Deferral

Payment schedules under this option are based on the value of a year-by-year deferral of the Statewide Avoided Unit with an in-service date of January 1, 1995; calculated in accordance with FPSC Rule 25-17.083, F.A.C., as described in Appendix A. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the "Standard Offer Contract."

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

**MONTHLY CAPACITY PAYMENT RATE \$/KW/MONTH**

Contract Year		Normal Payment Option Starting	Early Payment Option Starting							
From	To		1/1/95	1/1/94	1/1/93	1/1/92	1/1/91	1/1/90	1/1/89	1/1/88
01/87	12/87	-	-	-	-	-	-	-	-	-
01/88	12/88	-	-	-	-	-	-	-	-	3.78
01/89	12/89	-	-	-	-	-	-	-	4.37	4.03
01/90	12/90	-	-	-	-	-	-	5.08	4.66	4.30
01/91	12/91	-	-	-	-	5.92	5.41	4.97	4.58	-
01/92	12/92	-	-	-	6.94	6.31	5.77	5.30	4.88	-
01/93	12/93	-	-	8.18	7.40	6.73	6.15	5.65	5.21	-
01/94	12/94	-	9.71	8.72	7.88	7.17	6.56	6.02	5.55	-
01/95	12/95	16.04	14.78	13.72	12.84	12.08	11.42	10.85	10.35	-
01/96	12/96	17.06	15.71	14.59	13.64	12.83	12.13	11.52	10.98	-
01/97	12/97	18.14	16.70	15.50	14.49	13.63	12.88	12.23	11.66	-
01/98	12/98	19.29	17.75	16.48	15.40	14.48	13.68	12.99	12.38	-
01/99	12/99	20.51	18.87	17.51	16.36	15.38	14.54	13.80	13.15	-
01/00	12/00	21.81	20.06	18.61	17.39	16.34	15.44	14.65	13.96	-
01/01	12/01	23.19	21.33	19.78	18.48	17.36	16.40	15.56	14.82	-
01/02	12/02	24.65	22.67	21.03	19.64	18.45	17.42	16.53	15.74	-
01/03	12/03	26.22	24.10	22.35	20.87	19.60	18.51	17.55	16.71	-
01/04	12/04	27.88	25.63	23.75	22.18	20.83	19.66	18.64	17.75	-

(Continued on Page No. 3)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 26, 1988

**RATE SCHEDULE COG-2**  
**STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY**  
**FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES**  
**(QUALIFYING FACILITIES)**  
 (Continued from Page No. 2)

Option B - Variable Value of Deferral

Payment schedules under this option are based on the value of a year-by-year deferral of the Statewide Avoided Unit with an in-service date of January 1, 1995. Once this option is selected, the Statewide Avoided Unit designation and its in-service date shall remain fixed for the term of the "Standard Offer Contract." The value of deferral, however, shall be recalculated annually and the payment schedule shall be adjusted, upon approval by the FPSC, to reflect the most recent factors affecting the cost of constructing the Statewide Avoided Unit. The Qualifying Facility shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start pursuant to this option.

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

Option C - Average Embedded Book Cost of Fossil Steam Production Plant

Monthly capacity payments made under this option shall be based on the Company's current average embedded book cost of fossil steam production plant approved by the FPSC and in effect in the year in which payment is made.

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

Projected Monthly Capacity Payment Rate - \$/KW/Month

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
3.91	3.86	3.82	3.75	3.65	3.40	3.22	3.76	3.61	4.13	3.95	4.44	4.39	4.94	4.76	5.41	5.28

**B. Energy Rates**

1. Payments Prior to January 1, 1995

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

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

2. Payments Starting on January 1, 1995

The energy rate in cents per kilowatt-hour (¢/KWH), shall be the lesser of an hour-by-hour comparison of: (1) the fuel component of the Company's avoided energy costs calculated in accordance with Rule 25-17.0825, F.A.C.; and (b) the Statewide Avoided Fuel Cost. The Statewide Avoided Unit Fuel Cost, in cents per kilowatt-hour (¢/KWH) shall be defined as the product of: (a) the average monthly inventory charge out price of coal burned at Tampa Electric Company's Big Unit No. 4, in cents per million BTU; and (b) an average annual heat rate of 9.79 million BTU per megawatt hours.

(Continued on Page No. 4)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 26, 1988



**RATE SCHEDULE COG-2  
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES  
(QUALIFYING FACILITIES)  
(Continued from Page No. 3)**

**Energy Rates: (Continued)**

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

**Estimated Firm Energy Cost:**

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. These estimates include a credit for estimated variable operating and maintenance expense of 0.056¢/KWH. The variable O & M credit will be recomputed monthly in accordance with the Company's methodology.

<u>Applicable Period</u>	<u>On-Peak ¢/KWH</u>	<u>Off-Peak ¢/KWH</u>	<u>Average ¢/KWH</u>
October, 1988 - March, 1989	2.502	1.747	2.057
April, 1989 - September, 1989	3.490	2.297	2.882
October, 1989 - March, 1990	3.405	2.538	2.888
April, 1990 - September, 1990	4.250	2.567	3.386

A 100 MW block has been used to calculate the estimated avoided energy cost.

**Performance Criteria:**

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

**A. Commercial In-Service Date**

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

**B. Capacity Factor**

Upon achieving commercial in-service status, payments for Firm Capacity shall be made monthly in accordance with the capacity payment rate option selected by the Qualifying Facility and subject to the provision that the Qualifying Facility maintains a 70% capacity factor on a 12 month rolling average basis as defined in Appendix A. Failure to achieve this capacity factor shall result in the Qualifying Facility's forfeiture of payments for Firm Capacity during the month in which such failure occurs. Where early capacity payments have been elected and starting with the month of January, 1995, failure of a Qualifying Facility to maintain a 70% capacity factor on a 12 month rolling average basis shall also result in payments by the Qualifying Facility to the Company. The amount of such payments shall be equal to the difference between: (1) what the Qualifying Facility would have been paid had it elected the normal payment option starting January 1, 1995; and (2) what it would have been paid pursuant to the early payment option had it maintained the capacity factor performance criteria.

(Continued on Page No. 5)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: OCTOBER 1, 1988



**RATE SCHEDULE COG-2  
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES  
(QUALIFYING FACILITIES)  
(Continued from Page No. 4)**

**Performance Criteria (Continued)**

All capacity payments made by the Company prior to January 1, 1995 are considered "early payments." The owner or operator of the Qualifying Facility, as designated by the Company, shall secure its obligation to repay, with interest, the cumulative amount of early capacity payments in the event the Qualifying Facility defaults under the terms of its "Standard Offer Contract" with the Company. The Company will provide monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is discussed in Appendix A.

**C. Additional Criteria**

1. The Qualifying Facility shall provide monthly generation estimates by October 1 for the next calendar year; and
2. The Qualifying Facility shall promptly update its yearly generation schedule when any changes are determined necessary; and
3. The Qualifying Facility shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and
4. The Qualifying Facility shall coordinate scheduled outages with the Company; and
5. The Qualifying Facility shall comply with the reasonable requests of the Company regarding daily or hourly communications.

**Delivery Voltage Adjustment:**

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

<u>Qualifying Facility Delivery Voltage</u>	<u>Adjustment Factor</u>
69 KV or Greater	1.042
4 KV, 12 KV, 25 KV	1.058
600 Volts or Lower	1.085

**Metering Requirements:**

Qualifying Facilities within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy production. Energy purchases from Qualifying Facilities outside the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering firm capacity and energy to the Company.

For the purpose of this schedule, the on-peak hours occur Monday through Friday except holidays, April 1 - October 31 from 12 noon to 9:00 p.m., and November 1 - March 31 from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. All hours not mentioned above and all hours of the holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day are off-peak hours.

**Billing Options:**

The Qualifying Facility may elect to make either simultaneous purchases and sales or net sales. The decision to change billing methods can be made once every twelve (12) months coinciding with the next Fuel and Purchased Power Cost Recovery Factor billing period provided the Company is given at least thirty (30) days written notice before the change is to take place. In addition, allowance must be made for the installation or alteration of needed metering or interconnection equipment for which the qualifying facility must pay; and such purchases and/or sales must not abrogate any provisions of the tariff or contract with the Company.

(Continued on Page No. 6)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 26, 1988





RATE SCHEDULE COG-2  
 STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
 FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES  
 (QUALIFYING FACILITIES)  
 (Continued from Page No. 4)

Performance Criteria (Continued)

All capacity payments made by the Company prior to January 1, 1995 are considered "early payments." The owner or operator of the Qualifying Facility, as designated by the Company, shall secure its obligation to repay, with interest, the cumulative amount of early capacity payments in the event the Qualifying Facility defaults under the terms of its "Standard Offer Contract" with the Company. The Company will provide monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is discussed in Appendix A.

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1. The Qualifying Facility shall provide monthly generation estimates by October 1 for the next calendar year; and
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3. The Qualifying Facility shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and
4. The Qualifying Facility shall coordinate scheduled outages with the Company; and
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600 Volts or Lower	1.085

Metering Requirements:

Qualifying Facilities within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy production. Energy purchases from Qualifying Facilities outside the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering firm capacity and energy to the Company.

For the purpose of this schedule, the on-peak hours occur Monday through Friday except holidays, April 1 - October 31 from 12 noon to 9:00 p.m., and November 1 - March 31 from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. All hours not mentioned above and all hours of the holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day are off-peak hours.

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(Continued on Page No. 6)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 26, 1988



**RATE SCHEDULE COG-2**  
**STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY**  
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**(QUALIFYING FACILITIES)**  
(Continued from Page No. 5)

**Billing Options: (Continued)**

A statement covering the charges and payments due the Qualifying Facility is rendered monthly, and payment normally is made by the twentieth business day following the end of the billing period.

**Charges to Qualifying Facility:**

**A. Customer Charges:**

Monthly Customer Charges for meter reading, billing and other applicable administrative costs by Rate Schedule are:

RS-1	\$ 5.32
RST-1	9.83
GS-1	5.32
GST-1	9.83
GSD-1	15.46
GSDT-1.	19.98
GSLD-1	79.30
GSLDT-1	83.81
GSLDT-2	230.91
GSLD-2	230.91
CS-1	152.49
CST-1	152.49
IS-1	413.91
IST-1	413.91
MS-1	5.32

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

The Qualifying Facility shall bear the cost required for interconnection including the metering. The Qualifying Facility shall have the option of payment in full for interconnection or making equal monthly installment payments over a thirty-six (36) month period together with interest at the rate then prevailing for thirty (30) days prior to the date of each payment.

When equal monthly payments are elected, the Qualifying Facility shall provide a surety bond or equivalent assurance of repayment of interconnection costs in the event the Qualifying Facility is unable to meet the terms and conditions of its contract. Depending on the nature of the Qualifying Facility's operation, financial health and solvency, one of the following may constitute an equivalent assurance of repayment:

- (1) Surety bond;
- (2) Escrow;
- (3) Irrevocable letter of credit;
- (4) Unsecured promise by a municipal, county, or state government to repay early capacity payments 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 electric consuming facilities or the constituent electric customers of such government to assure that early capacity payments are repaid;
- (5) Unsecured promise by a privately owned Qualifying Facility to repay early capacity payments in the event of default in connection with a legally binding commitment from the owner(s) of the Qualifying Facility, parent company, and/or subsidiary companies allowing the utility to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that early capacity payments are repaid; or
- (6) Other guarantee acceptable to the Company.

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ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 1, 1989



**RATE SCHEDULE COG-2  
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES  
(QUALIFYING FACILITIES)  
(Continued from Page No. 6)**

**Charges to Qualifying Facility: (Continued)**

The Company will cooperate with each Qualifying Facility applying for monthly payments to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the Qualifying Facility. The Company will endeavor to accommodate an equivalent assurance which is in the best interests of both the Qualifying Facility and the Company's ratepayers.

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

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

In lieu of payments for actual charges, the Qualifying Facility may pay a monthly charge equal to 0.50% of the installed cost of the interconnection facilities.

**D. Taxes and Assessments:**

The Qualifying Facility shall be billed monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its purchases of Firm Capacity and Energy produced by the Qualifying Facility.

**Terms of Service:**

1. It shall be the Qualifying Facility's responsibility to inform the Company of any change in its electric generating capability.
2. Any electric service delivered by the Company to the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.
3. 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:
  - a. In the first year of operation, the security deposit should be based upon the singular month in which the QF's projected purchases from the utility exceed, by the greatest amount, the utility'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 should be required upon interconnection.
  - b. For each year thereafter, a review of the actual sales and purchases between the QF and the utility should be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QF exceed the actual sales to the utility in that month.
4. The Company shall specify the point of interconnection and voltage level.
5. The Company will, under the provisions of this Schedule, require an agreement with the Qualifying Facility upon the Company's filed Standard Offer Contract and Standard Agreement for Parallel Operation between the Qualifying Facility and the Company. The Qualifying Facility shall recognize that its generation facility may exhibit unique interconnection requirements which will be separately evaluated, modifying the Company's General Standard for Safety and Interconnection where applicable.
6. Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

(Continued on Page No. 8)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 1, 1989





**RATE SCHEDULE COG-2**  
**STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY**  
**FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES**  
**(QUALIFYING FACILITIES)**  
 (Continued from Page No. 7)

**Special Provisions:**

1. Special contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the Florida Public Service Commission.
2. A Qualifying Facility located within the Company's service territory may sell Firm Capacity and Energy to a utility other than the Company. Where such agreements exist and existing transmission capacity is available, the Company will provide transmission wheeling service to deliver the Qualifying Facility's power to the purchasing utility or to an intermediate utility.

When a Qualifying Facility located within the Company's service territory exercises its option to sell As-Available Energy to a utility other than the Company prior to the in-service date (April 1, 1992) of the Statewide Avoided Unit and existing transmission capacity is available, the Company will also provide transmission wheeling service to deliver the Qualifying Facility's power to the purchasing utility or to an intermediate utility. In addition, the Company will provide transmission wheeling service through its territory of a Qualifying Facility located outside the Company's service territory, for delivery of the Qualifying Facility's power to the purchasing utility or to an intermediate utility. Transmission service that is determined to be an intrastate transaction will be provided, subject to availability, under the rates, terms and conditions set forth in Rate Schedule COG-3 or, as provided for therein, under a separate, compensatory contract. Transmission service that is determined to be an interstate transaction will be provided, subject to availability, under rates, terms and conditions filed with, and accepted for filing by, the Federal Energy Regulatory Commission (a copy of the Company's currently effective wholesale tariff rate schedule applicable to transmission service is on file with the Florida Public Service Commission and is available from the Company upon request).

Interstate transactions are defined as those determined to be jurisdictional by the Federal Energy Regulatory Commission. Intrastate transactions are defined as all other transactions.

The Qualifying Facility shall be responsible for all costs associated with such wheeling including:

- A. Wheeling charges
- B. Line losses incurred by the Company
- C. Inadvertent energy flows resulting from such wheeling

Energy delivered to the Company shall be adjusted before delivery to another utility as follows:

<u>Qualifying Facility Delivery Voltage</u>	<u>Adjustment Factor</u>
69 KV or Greater	.960
4 KV, 12KV, 25 KV	0.945*
600 Volts or Lower	0.922*

\* The 69 KV or greater adjustment factor shall apply if the following conditions are met for Qualifying Facility power and energy input to the Company's distribution facilities:

- (1) The input power and energy fully displace power and energy that the Company would otherwise be required to supply to other customers on the same distribution facility, and
- (2) The delivery voltage to the receiving utility system is 69 KV or greater.

(Continued on Page 9)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 26, 1988





**RATE SCHEDULE COG-2  
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES  
(QUALIFYING FACILITIES)  
(Continued from Page No. 8)**

The Company may deny, curtail or discontinue providing transmission service under this special provision if the provision of such service would adversely affect the adequacy, reliability or cost of providing electric service to its general body of retail and wholesale customers.

For a more complete description of the rates, terms and conditions under which intrastate transmission service may be offered, refer to Rate Schedule COG-3 commencing on sheet 9.700 of this tariff section. For similar information related to interstate transmission service, refer to the Company's currently effective wholesale tariff rate schedule applicable to transmission service, a copy of which is on file with the Florida Public Service Commission and available from the Company upon request.

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 26, 1988

**RATE SCHEDULE COG-2**  
**APPENDIX A**  
**STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY**  
**FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES**  
**(QUALIFYING FACILITIES)**

**Applicability:**

Appendix A provides a detailed description of the methodology used by the Company to calculate the monthly values of deferring the Statewide Avoided Unit referred to in Schedule COG-2. When used in conjunction with the current FPSC approved cost parameters associated with the Statewide Avoided Unit contained in Appendix B, a Qualifying Facility may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the Qualifying Facility enter into a "Standard Offer Contract" with the utility.

Also contained in Appendix A is the methodology used by the Company to calculate the 12 month rolling average capacity factor of a Qualifying Facility and a discussion of the types and forms of surety bond requirements or equivalent assurance of repayment of early capacity payments acceptable to the Company in the event of contractual default by a Qualifying Facility.

**Calculation of Value of Deferral:**

FPSC Rules 25-17.083(7) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with firm capacity sold to a utility by a Qualifying Facility pursuant to the utility's standard offer shall be defined as the value of a year-by-year deferral of the Statewide Avoided Unit and shall be calculated as follows:

$$VAC_m = \frac{C}{12} \left[ K I_n \frac{1 - \frac{(1+i_p)}{(1+r)}}{1 - \frac{(1+i_p)}{(1+r)}}^L + O_n \left[ \frac{1+i_0}{1+r} \right] \right]$$

Where, for a one year deferral:

- $VAC_m$  = utility's value of avoided capacity, in dollars per kilowatt per month, during month  $m$ ;  
 $C$  = a constant risk multiplier equal to 0.8 for the purpose of the utility's standard offer agreement;  
 $K$  = present value of carrying charge for one dollar of investment over  $L$  years with carrying charges assumed to be paid at the end of each year;  
 $I_n$  = total direct and indirect cost, in dollars per kilowatt including AFUDC but excluding CWIP, of the statewide avoided unit with an in-service date of year  $n$ ;  
 $O_n$  = total first year's fixed and variable operating and maintenance expense, less fuel and in dollars per kilowatt per year, of the statewide avoided unit deflated to the beginning of year  $n$  by  $i_0$ ;

(Continued on Page No. 2)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 26, 1983



**RATE SCHEDULE COG-2**  
**APPENDIX A**  
**STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY**  
**FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES**  
**(QUALIFYING FACILITIES)**  
 (Continued from Page No. 1)

**Calculation of Value of Deferral: (Continued)**

- $i_p$  = annual escalation rate associated with the plant cost of the statewide avoided unit;
- $i_o$  = annual escalation rate associated with the plant O & M cost of the statewide avoided unit;
- $r$  = annual discount rate, defined as the utility's incremental after tax cost of capital;
- $L$  = expected life of the statewide avoided unit; and
- $n$  = year for which the statewide avoided unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm energy and capacity.

Normally, payment for firm capacity shall not commence until the in-service date of the statewide avoided unit. At the options of the Qualifying Facility, however, the utility may begin making early capacity payments consisting of the capital cost component of the value of a year-by-year deferral of the statewide avoided unit starting as early as seven years prior to the anticipated in-service date of the statewide avoided unit. When such early capacity payments are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the Commercial In-Service date of the Qualifying Facility, and shall be calculated as follows:

$$A_m = \frac{A (1 + i_p)^n}{12} ; \text{ for } n = 0, n$$

**Where:**

- $A_m$  = monthly avoided capital cost component of capacity payments to be made to the Qualifying Facility starting as early as seven years prior to the anticipated in-service date of the statewide avoided unit, in dollars per kilowatt per month;
- $i_p$  = annual escalation rate associated with the plant cost of the statewide avoided unit;
- $n$  = year for which early capacity payments to a Qualifying Facility are made;

**Where:**

$$A = F \left[ \frac{1 - \left[ \frac{(1 + i_p)}{(1 + r)^p} \right]}{1 - \left[ \frac{(1 + i_p)}{(1 + r)^L} \right]} \right]$$

(Continued on Page No. 3)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 26, 1988



**RATE SCHEDULE COG-2  
APPENDIX A  
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES  
(QUALIFYING FACILITIES)  
(Continued from Page No. 2)**

- 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 the statewide avoided unit;
- r** = annual discount rate, defined as the utility's incremental after tax cost of capital; and (Continued on Page No. 3)

**Calculation of Value of Deferral: (Continued)**

- t** = the term, in years, of the contract for the purchase of firm capacity commencing prior to the in-service date of the statewide avoided unit, and commencing with the year in which the Qualifying Facility elects to receive early capacity payments.

Currently approved parameters applicable to the formulas above are found in Appendix B.

**Calculation of 12 Month Rolling Average Capacity Factor:**

Pursuant to FPSC Rule 25-17.083(3)(a)(ii), F.A.C., and Order 13247, Docket No. 830377-EU, a Qualifying Facility must maintain a 70% capacity factor in order to receive capacity payments. For the purpose of this schedule, the capacity factor of the Qualifying Facility shall be defined as: the total kilowatt-hours of energy delivered to the utility during the preceding 12 months, divided by the product of: (1) the maximum kilowatt capacity contractually committed for delivery to the Company by the Qualifying Facility during the preceding 12 months; and (2) the sum of the total hours during the preceding 12 months less those hours during which the Company was unable to accept energy and capacity deliveries from the Qualifying Facility. The Company shall be relieved of its obligation under FPSC Rule 25-17.082 F.A.C. to purchase electricity from a Qualifying Facility when purchases result in higher costs to the Company than without such purchases, and where service to the Company's other customers may be impaired by such purchases. The Company shall notify the Qualifying Facility(ies) as soon as possible or practical, and the FPSC of the problems leading to the need for such relief.

During the first 12 months in which the 70% capacity factor performance criteria is imposed, the Qualifying Facility's capacity factor shall be calculated by dividing the sum of the kilowatt hours delivered to the Company by the Qualifying Facility for the number of months since the performance criteria became applicable by the product of: (1) the number of hours in the months which have transpired and in which deliveries were accepted by the Company; and (2) the maximum kilowatt capacity contractually committed by the Qualifying Facility. This calculation shall be performed each month until enough months have transpired to calculate a true 12 month rolling average capacity factor.

**Surety Bond Requirements:**

FPSC Rule 25-17.083(3)(c), F.A.C., requires that when early capacity payments are elected, the Qualifying Facility must provide a surety bond or equivalent assurance of repayment of early capacity payments in the event the Qualifying Facility is unable to meet the terms and conditions of its contract. Depending on the nature of the Qualifying Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's "Standard Offer Contract" one of the following may constitute an equivalent assurance of repayment:

- (1) Surety bond;
- (2) Escrow;

(Continued on Page No. 4)

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 26, 1988





RATE SCHEDULE COG-2  
APPENDIX A  
STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES  
(QUALIFYING FACILITIES)  
(Continued from Page No. 3)

**Surety Bond Requirements: (Continued)**

- (3) Irrevocable letter of credit;
- (4) Unsecured promise by municipal, county, or state government to repay early capacity payments 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 early capacity payments are repaid;
- (5) Unsecured promise by a privately owned Qualifying Facility to repay early capacity payments in the event of default in conjunction with a legally binding commitment from the owner(s) of the Qualifying Facility, parent company, and/or subsidiary companies allowing the utility to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that early capacity payments are repaid; or
- (6) Other guarantee acceptable to the Company.

The Company will cooperate with each Qualifying Facility applying for early capacity payments to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the Qualifying Facility. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the Qualifying Facility and the Company's ratepayers.

ISSUED BY: T. W. Raines, Jr., Director, Rate Department

EFFECTIVE: JANUARY 26, 1988



RATE SCHEDULE COG-2  
 APPENDIX B  
 STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
 FROM QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES  
 (QUALIFYING FACILITIES)

NORMAL PAYMENT OPTION PARAMETERS

Where, for a one year deferral:		<u>Value</u>
VAC <sub>m</sub>	= utility's value of avoided capacity, in dollars per kilowatt per month, during month m;	16.04
C	= a constant risk multiplier for the purpose of the utility's standard contract offer;	0.8
K	= present value of carrying charge for one dollar of investment over L years with carrying charges assumed to be paid at the end of each year;	1.4885
I <sub>n</sub>	= total direct and indirect cost, in dollars per kilowatt including AFUDC but excluding CWIP, of the statewide avoided unit with an in-service date of year n;	2137
O <sub>n</sub>	= total first year's fixed and variable operating and maintenance expense, less fuel and in dollars per kilowatt per year, of the statewide avoided unit deflated to the beginning of the year n by i <sub>o</sub> ;	69.79
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the statewide avoided unit;	6.6%
i <sub>o</sub>	= annual escalation rate associated with the operation and maintenance expense of the statewide avoided unit;	5.6%
r	= annual discount rate, defined as the utility's incremental after tax cost capital;	10.72%
L	= expected life of the statewide avoided unit;	30
n	= year for which the statewide avoided unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm energy and capacity;	1995

EARLY PAYMENT OPTION PARAMETERS

A <sub>m</sub>	= monthly avoided capital cost component of capacity payments to be made to the Qualifying Facility starting as early as seven years prior to the anticipated in-service date of the statewide avoided unit, in dollars per kilowatt per month;	3.78
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the statewide avoided unit;	6.6%
n	= year for which early capacity payments to a Qualifying Facility are made;	1988
F	= the cumulative present value (January, 1988) 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 the statewide avoided unit and continued for a period of 10 years;	523.39
r	= annual discount rate, defined as the utility's incremental after tax cost capital;	10.72%
t	= the minimum term, in years, of the contract for the purchase of firm capacity commencing prior to the in-service date of the statewide avoided unit;	17

ISSUED BY: T. W. Raines, Jr., Director, Rate Department.

EFFECTIVE: JANUARY 26, 1988

**INTERCONNECTION AGREEMENT**  
**PASCO COUNTY RESOURCE RECOVERY FACILITY**

This Agreement, made and entered into as of the 21st day of March, 1989, by and between Pasco County, a political subdivision of the State of Florida, hereinafter referred to as the "County", and Florida Power Corporation, a private utility corporation having its principal place of business at St. Petersburg, Florida, and authorized to do business in the State of Florida, hereinafter referred to as "the Company".

1. Facility.

The County's Resource Recovery Facility, hereinafter referred to as "Facility", is located in Section 25, Township 24 South, Range 17 East, Pasco County, Florida.

The Facility will be certified as a Qualifying Facility pursuant to the rules and regulations of the Federal Energy Regulatory Commission (FERC). The County shall maintain the qualifying status of the Facility throughout the term of the interconnection.

2. Term of the Agreement

The term of this Agreement will begin on the date an Order of the Florida Public Service Commission approving this Agreement is made effective and shall end at 24:00, December 31, 2024, unless extended in accordance with the CONTRACT FOR THE PURCHASE OF FIRM ENERGY AND CAPACITY FROM PASCO COUNTY.



3. Interconnection Facilities.

Interconnection facilities on the Company's side of the ownership line and point of delivery at the overhead strain insulator on the high voltage structure of the Company substation shall be owned, operated, maintained and repaired by the Company at County's expense. The County shall be responsible for the cost of designing, installing, operating and maintaining the interconnection facilities on the County's side of the ownership line. The County shall be responsible for establishing and maintaining controlled access by third parties to the interconnection facilities on the Facility premises.

4. Cost Estimates for Interconnection Facilities.

If requested by County, the Company will prepare a "County Interconnection Cost Estimate" at the County expense. The parties agree that this is an estimate of costs to be incurred and that actual costs will be used to compute the interconnection costs to be billed in Section 6 hereof. An estimate of the Company's expenditure schedule shall be included in such cost estimate.

5. Construction Activities.

The County shall provide the Company with written instructions to proceed with design and construction of interconnection facilities that may be required, with allowance for the time required to design, order materials, schedule construction and to construct the facilities. The Company agrees to complete the interconnection facilities within 15 months, or such other period agreed upon, of receipt of written instructions to proceed.

Upon the parties agreement as to location of the ownership line and the appropriate interconnection design requirements and receipt of written

instructions to proceed delivered by the County, the Company shall design and perform or cause to be performed all of the work on the Company's side of the ownership line.

6. Payment For Interconnection Costs.

The County agrees to pay the costs for portions of interconnection work pursuant to the terms of this Agreement where costs have been incurred within 30 days after the Company notifies the County that such interconnection costs have been incurred.

In the event the County notifies the Company in writing to cease interconnection work before its completion, the County shall be obligated to reimburse the Company for the interconnection costs incurred up to the date such notification is received.

7. Technical Requirements and Operations.

The parties agree that the County's interconnection with, and delivery of electricity into the Company's system must be accomplished in accordance with the provisions of Appendix A entitled "Interconnection and Standards" contained in Rule 25-17.087, Florida Administrative Code, attached to and made a part of this Agreement.

The County agrees to adjust reactive power flow in the interconnection so as to maintain a 1.00 power factor except as may be reasonably requested by the Company within the range of 85% leading to 85% lagging power factor.

The County agrees to require that the Facility operator immediately notify the Company's System Dispatcher by telephone in the event hazardous or unsafe conditions associated with the parties' parallel operations are discovered. If such conditions are detected by the Company, then the Company will likewise

immediately contact the operator of the Facility and the County, where appropriate, by telephone. Each party agrees to immediately take whatever appropriate corrective action is necessary to correct the hazardous or unsafe conditions.

To the extent the Company reasonably determines the same to be necessary to ensure the safe operation of the Facility or to protect the integrity of the Company's system, the County agrees to reduce power generation or take other appropriate actions.

A separate operating agreement will be required to specify operating procedures necessary to coordinate the operations of the County with those of the Company. However, such an agreement shall not operate as a condition precedent to acceptance of the Electrical Power Purchase Agreement by the utility or acceptance by the County.

8. Maintenance and Repair Payments.

The Company will separately invoice the County monthly for COG-2 customer charges and for all costs associated with the operation, maintenance and repair of the interconnection facilities on a percentage basis, as set forth in Rate Schedule COG-2.

9. Site Access.

In order to help ensure the continuous, safe, reliable and compatible operation of the Facility with the Company's system, the County hereby grants to the Company for the period of interconnection the reasonable right of ingress and egress, consistent with the safe operation of the Facility, over property owned or controlled by the County to the extent the Company deems such ingress and egress necessary in order to examine, test, calibrate, coordinate, operate, maintain or repair any interconnection equipment involved



in the parallel operation of the Facility and the Company's system, including the Company's metering equipment.

10. Facility Responsibility.

In no event shall any the Company statement, representation, or lack thereof, either express or implied, relieve the County of its exclusive responsibility for the Facility. Specifically, any the Company inspection of the Facility shall not be construed as confirming or endorsing the Facility's design or its operating or maintenance procedures nor as a warranty or guarantee as to the safety, reliability, or durability of the Facility's equipment. The Company's inspection, acceptance, or its failure to inspect shall not be deemed an endorsement of any Facility equipment or procedure.

11. General Provisions.

11.1 Permits. The County hereby agrees to seek to obtain any and all governmental permits, certifications, or other authority the County is required to obtain as a prerequisite to engaging or continuing in the activities provided for in this Agreement. the Company hereby agrees, at the County's expense, to seek to obtain any and all governmental permits, certifications, or other authority the Company is required to obtain as a prerequisite to engaging in the specific activities provided for in this Agreement.

11.2 Responsibility and Indemnification. Both parties hereto expressly agree to indemnify and save harmless and defend the other against all claims, suits, actions, demands, costs, or expense for loss, damage, or injury to persons or property, in any manner directly or indirectly connected with or growing out of the generation, transmission, or use of electrical capacity and energy on its own side of the point of transfer or ownership, unless such

claim or demand shall arise out of or result from the negligence or willful misconduct of the other party, its agents, servants, or employees, provided, however, that neither party hereby assumes responsibility for damage or injury to employees of the other party when in the course and scope of said employee's employment, said other party's employees are on first party's premises.

11.3 Exclusion of Incidental and Consequential Damages. Neither party shall be liable to the other for incidental, consequential, or indirect damages including, but not limited to, the cost of replacement power, whether arising in contract, tort, or otherwise.

11.4 Force Majeure. If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance, which, however, shall be remedied with all possible dispatch; and the obligations, terms and conditions of this Agreement shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea, accidents to equipment or machinery, or similar occurrences; provided, however, that no occurrences may be claimed to be a force majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the party attempting to make such claim. The County agrees to pay the costs necessary to reactivate the Facility and/or the interconnection with The

Company's system if the same are rendered inoperable due to actions of the County, its agents, or force majeure events affecting the Facility or the interconnection with The Company. The Company agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by The Company or its agents.

11.5 Governing Law. The interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the State.

11.6 Disclaimer. In executing this Agreement, the Company does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the County or any assignee of this Agreement, nor does it create any third party beneficiary rights.

11.7 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the County and the Company and their respective successors by operation of law, but shall not be assignable by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld.

11.8 Severability. In the event any of the terms, covenants, or conditions of this Agreement, its Appendix, or the application of any such terms, covenants, or conditions, shall be held invalid, illegal or unenforceable by any court having jurisdiction, all other terms, covenants, and conditions of this Agreement and their application not adversely affected thereby shall remain in force and effect.

11.9 Complete Agreement and Amendments. The terms and provisions contained in this Agreement constitute the entire Agreement between the County and the Company and shall supersede all previous communications,



representations, or agreements, either verbal or written, between the County and the Company with respect to the Facility and this Agreement. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed with the same formality as this Agreement by both parties hereto.

11.10 Survival of Agreement. This Agreement, as may be amended from time to time, shall be binding and inure to the benefit of the parties' respective successors-in-interest and legal representatives.

11.11 Waivers. The failure of either party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

11.12 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

12. Electric Service to the County.

The Company will provide the class or classes of electric service requested by the County to the extent that they are consistent with applicable tariffs, provided, however, that interruptible service will not be available under circumstances where interruptions would impair the County's ability to generate and deliver firm energy and capacity to the Company.

13. Notification.

For purpose of making emergency or any communications relating to the

operation of the Facility, under the provisions of this Agreement, the parties designate the following people for notification:

For The Operator of the Facility:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_

For The County:

John J. Gallagher  
7530 Little Road, Room 203  
New Port Richey, FL 34564

County Administrator  
Pasco County Government Center  
Phone: (813) 847-8115

For Florida Power Corporation:

For Operational Matters:

System Dispatcher

For Generation

Phone: (813) 866-5888

For Transmission

Phone: (813) 384-0058

For Contractual Matters:

T. I. Wetherington

Florida Power Corporation

St. Petersburg, FL 33733

P.O. Box 14042 (MAC H2J)

Phone: (813) 866-5660

The parties may change representatives listed above upon written notice to other party which shall not be an amendment or modification to this Agreement for purposes of Section 11.9.



IN WITNESS WHEREOF, the parties hereunto have caused these presents to be executed the day and year first above written.

ATTEST:

FLORIDA POWER CORPORATION

By: *Loisleen P. Kortright*  
Assistant Secretary

By: *[Signature]*  
Senior Vice President

PASCO COUNTY, FLORIDA  
By and Through its Board of  
County Commissioners.

JFO PITSMAN, CLERK  
ATTEST: *[Signature]*  
Clerk

By: *[Signature]*  
Chairman

By: \_\_\_\_\_  
Chief Deputy Clerk

Approved as to form:

*Ben Heintz*  
County Attorney



## 25-17.087 Interconnection and Standards.

(1) Each utility shall interconnect with any qualifying facility which:

- (a) is in its service area;
- (b) requests interconnection;
- (c) agrees to meet system standards specified in this rule and,
- (d) agrees to pay the cost of interconnection.

(2) Nothing in this rule shall be construed to preclude a utility from evaluating each request for interconnection on its own merits and modifying the general standards specified in this rule to reflect the result of such an evaluation.

(3) Where a utility refuses to interconnect with a qualifying facility or attempts to impose unreasonable standards pursuant to Section (2) of this rule, the qualifying facility may petition the Commission for relief. The utility shall have the burden of demonstrating to the Commission why interconnection with the qualifying facility should not be required or that the standards the utility seeks to impose on the qualifying facility pursuant to Section (2) are reasonable.

(4) The qualifying facility shall have the option of making monthly installment payments toward the full cost of interconnection. However, where the qualifying facility exercises that option the utility shall charge interest on the amount owing. The utility shall charge such interest at the 30-day commercial paper rate. In any event, no utility may bear the cost of interconnection.

(5) Application for Interconnection. A qualifying facility shall not operate electric generating equipment in parallel with the utility's electric system without the prior written consent of the utility. Formal application for interconnection shall be made by the qualifying facility prior to the installation of any generation related equipment. This application shall be accompanied by the following:

- (a) Physical layout drawings, including dimensions;
- (b) All associated equipment specifications and characteristics including, but not limited to, technical parameters, ratings, basic impulse levels, electrical main one-line diagrams, schematic diagrams, system protections, frequency, voltage, current and interconnection distance;
- (c) Functional and logic diagrams, control and meter diagrams, conductor sizes and length, and any other relevant data which might be necessary to understand the proposed system and to be able to make a coordinated system;
- (d) Power requirements in watts and vars;
- (e) Expected radio-noise, harmonic generation and telephone interference factor;
- (f) Synchronizing methods and;
- (g) Operating/instruction manuals.

Any subsequent change in the system must also be submitted for review and written approval prior to actual modification. The above mentioned review, recommendations and approval by the utility do not relieve the qualifying facility from complete responsibility for the adequate engineering design, construction and operation of the qualifying facility equipment and for any liability for injuries to property or persons associated with any failure to perform in a proper and safe manner for any reason.

(6) Personnel Safety. Adequate protection and safe operational procedures must be developed and followed by the joint system. These operating procedures must be approved by both the utility and the qualifying facility. The qualifying facility shall be required to furnish, install, operate and maintain in good order and repair, and be solely responsible for, without cost to the utility, all facilities required for the safe operation of the generation system in parallel with the utility's system.

The qualifying facility shall permit the utility's employees to enter upon its property at any reasonable time for the purpose of inspection and/or testing the qualifying facility's equipment, facilities, or apparatus. Such inspections shall not relieve the qualifying facility from its obligation to maintain its equipment in safe and satisfactory operating condition.

The utility's approval of isolating devices used by the qualifying facility will be required to ensure that these will comply with the utility's switching and tagging procedure for safe working clearances.

(a) Disconnect Switch. A manual disconnect switch, of the visible load break type, to provide a separation point between the qualifying facility's generation system and the utility's system, shall be required. The utility will specify the location of the disconnect switch. The switch shall be mounted separate from the meter socket and shall be readily accessible to the utility and be capable of being locked in the open position with a utility padlock. The utility may reserve the right to open the switch (i.e. isolating the qualifying facility's generation system) without prior notice to the qualifying facility. To the extent practicable, however, prior notice shall be given.

Any of the following conditions shall be cause for disconnection:

1. Utility system emergencies and/or maintenance requirements;
2. Hazardous conditions existing on the qualifying facility's generating or protective equipment as determined by the utility;
3. Adverse effects of the qualifying facility's generation to the utility's other electric consumers and/or system as determined by the utility;
4. Failure of the qualifying facility to maintain any required insurance, or;
5. Failure of the qualifying facility to comply with any existing or future regulations, rules, orders or decisions of any governmental or regulatory authority having jurisdiction over the qualifying facility's electric generating equipment or the operation of such equipment.

(b) Responsibility and Liability. The utility shall be responsible for utility owned facilities. The qualifying facility shall be responsible for the qualifying facility's entire system, ensuring adequate safeguards for other utility customers, utility personnel and equipment, and for the protection of its own generating system. The qualifying facility shall indemnify and save the utility harmless from any and all claims, demands, costs, or expense for loss, damage, or injury to persons or property (including the qualifying facility's generation system and the utility's system) caused by, arising out of, or resulting from:

1. Any act or omission by the qualifying facility, or qualifying facility's contractors, agents, servants and employees in connection with the installation or operation of the qualifying facility's generation system or the operation thereof in connection with the utility's system;
2. Any defect in, failure of, or fault related to the qualifying facility's generation system;
3. The qualifying facility's negligence or negligence of qualifying facility's contractors, agents servants and employees or;
4. Any other event or act that is the result of, or proximately caused by, the qualifying facility.

(c) Insurance. The qualifying facility shall deliver to the utility, at least fifteen days prior to the start of any interconnection work, a certified copy or duplicate original of a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida, jointly protecting and indemnifying the qualifying facility and the utility, its officers, employees, and representatives against all liability and expense on account of claims and suits for injuries or damages to persons or property arising out of the interconnection to the qualifying facility, or caused by operation of any of the qualifying facility's equipment or by the qualifying facility's failure to maintain the qualifying facility's equipment in satisfactory and safe operating condition.



The policy providing such coverage shall provide public liability insurance, including property damage, in an amount not less than \$300,000 for each occurrence; more insurance may be required as deemed necessary by the utility. In addition, the above required policy shall be endorsed with a provision whereby the insurance company will notify the utility thirty days prior to the effective date of cancellation or material change in the policy.

The qualifying facility shall pay all premiums and other charges due on said policy and keep said policy in force during the entire period of interconnection with the utility.

(7) Protection and Operation. It will be the responsibility of the qualifying facility to provide all devices necessary to protect the qualifying facility's equipment from damage by the abnormal conditions and operations which occur on the utility system that result in interruptions and restorations of service by the utility's equipment and personnel. The qualifying facility shall protect its generator and associated equipment from overvoltage, undervoltage, overload, short circuits (including ground fault condition), open circuits, phase unbalance and reversal, over or under frequency condition, and other injurious electrical conditions that may arise on the utility's system and any reclose attempt by the utility.

The utility may reserve the right to perform such tests as it deems necessary to ensure safe and efficient protection and operation of the qualifying facility's equipment.

(a) Loss of Source: The qualifying facility shall provide, or the utility will provide at the qualifying facility's expense, approved protective equipment necessary to immediately, completely, and automatically disconnect the qualifying facility's generation from the utility's system in the event of a fault on the qualifying facility's system, a fault of the utility's system, or loss of source on the utility's system. Disconnection must be completed within the time specified by the utility in its standard operating procedure for its electric system for loss of a source on the utility's system.

This automatic disconnecting device may be of the manual or automatic reclose type and shall not be capable of reclosing until after service is restored by the utility. The type and size of the device shall be approved by the utility depending upon the installation. Adequate test data or technical proof that the device meets the above criteria must be supplied by the qualifying facility to the utility. The utility shall approve a device that will perform the above functions at minimal capital and operating costs to the qualifying facility.

(b) Coordination and Synchronization. The qualifying facility shall be responsible for coordination and synchronization of the qualifying facility's equipment with the utility's electrical system, and assumes all responsibility for damage that may occur from improper coordination or synchronization of the generator with the utility's system.

(c) Electrical Characteristics. Single phase generator interconnections with the utility are permitted at power levels up to 20 KW. For power levels exceeding 20 KW, a three phase balanced interconnection will normally be required. For the purpose of calculating connected generation, 1 horsepower equals 1 kilowatt. The qualifying facility shall interconnect with the utility at the voltage of the available distribution or the transmission line of the utility for the locality of the interconnection, and shall utilize one of the standard connections (single phase, three phase, wye, delta) as approved by the utility.

The utility may reserve the right to require a separate transformation and/or service for a qualifying facility's generation system, at the qualifying facility's expense. The qualifying facility shall bond all neutrals of the qualifying facility's system to the utility's neutral, and shall install a separate driven ground with a resistance value which shall be determined by the utility and bond this ground to the qualifying facility's system neutral.

(d) Exceptions. A qualifying facility's generator having a capacity rating that can:

1. produce power in excess of 1/2 of the minimum utility customer requirements of the interconnected distribution or transmission circuit; or
2. produce power flows approaching or exceeding the thermal capacity of the connected utility distribution or transmission lines or transformers; or
3. adversely affect the operation of the utility or other utility customer's voltage, frequency or overcurrent control and protection devices; or
4. adversely affect the quality of service to other utility customers; or
5. interconnect at voltage levels greater than distribution voltages.

will require more complex interconnection facilities as deemed necessary by the utility.

(8) Quality of Service. The qualifying facility's generated electricity shall meet the following minimum guidelines:

(a) Frequency. The governor control on the prime mover shall be capable of maintaining the generator output frequency within limits for loads from no-load up to rated output. The limits for frequency shall be 60 hertz (cycles per second), plus or minus an instantaneous variation of less than 1%.

(b) Voltage. The regulator control shall be capable of maintaining the generator output voltage within limits for loads from no-load up to rated output. The limits for voltage shall be the nominal operating voltage level, plus or minus 5%.

(c) Harmonics. The output sine wave distortion shall be deemed acceptable when it does not have a higher content (root mean square) of harmonics than the utility's normal harmonic content at the interconnection point.

(d) Power Factor. The qualifying facility's generation system shall be designed, operated and controlled to provide reactive power requirements from 0.85 lagging to 0.85 leading power factor. Induction generators shall have static capacitors that provide at least 85% of the magnetizing current requirements of the induction generator field. (Capacitors shall not be so large as to permit self-excitation of the qualifying facility's generator field).

(e) DC Generators. Direct current generators may be operated in parallel with the utility's system through a synchronous inverter. The inverter must meet all criteria in these rules.

(9) Metering. The actual metering equipment required, its voltage rating, number of phases, size, current transformers, potential transformers, number of inputs and associated memory is dependent on the type, size and location of the electric service provided. In situations where power may flow both in and out of the qualifying facility's system, power flowing into the qualifying facility's system will be measured separately from power flowing out of the qualifying facility's system.

The utility will provide, at no additional cost to the qualifying facility, the metering equipment necessary to measure capacity and energy deliveries to the qualifying facility. The utility will provide, at the qualifying facility's expense, the necessary additional metering equipment to measure energy deliveries by the qualifying facility to the utility.

(10) Cost Responsibility. The qualifying facility is required to bear all costs associated with the change-out, upgrading or addition of protective devices, transformers, lines, services, meters, switches, and associated equipment and devices beyond that which would be required to provide normal service to the qualifying facility if no cogeneration were involved.—These costs shall be paid by the qualifying facility to the utility for all material and labor that is required. The utility shall supply the qualifying facility with a written cost estimate of all its required materials and labor prior to any work being done. The utility shall also provide project timing and feasibility information to the qualifying facility.

Specific Authority: 366.05(9), 350.127(2), F.S.

Law Implemented: 366.05(9), F.S.

History: New 9/4/83, formerly 25-17.87.