

**Steel Hector & Davis**

Tallahassee, Florida

Matthew M. Childs, P.A.  
(904) 222-4448

October 30, 1990

**ORIGINAL  
FILE COPY**

Mr. Steve Tribble  
Division of Records and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, FL 32399

RE: DOCKET NO. 900004-EU

Dear Mr. Tribble:

Enclosed for filing please find the original and fifteen copies of Florida Power & Light Company's Interconnection Agreement (Tariff Sheets 9.800-9.804/Legislative format with changes), Standard Offer Contract (Tariff Sheets 9.850-9.860/Legislative format with changes), Standard Rate COG-1 (Tariff Sheets 10.100-10.105/Legislative format), Standard Rate COG-2 (Tariff Sheets 10.200-10.212/Legislative format changes) for the above referenced docket.

Also enclosed please find the Executive Summary, Form Index, Forms 1.1-9.3 and System Map. Please note that some changes are not in Legislative format because of the extensive nature of changes.

DOCUMENT NUMBER-DATE  
9753 OCT 30 1990

EPSC-RECORDS/REPORTING

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

Respectfully submitted,

Matthew M. Childs, P.A.

DOCUMENT NUMBER-DATE  
9753 OCT 30 1990

EPSC-RECORDS/REPORTING

cc: All Parties of Record (w/encl)

RECEIVED & FILED  
198  
EPSC-BUREAU OF RECORDS

Tallahassee Office  
215 South Monroe  
Suite 601  
Tallahassee, FL 32301-1804  
(904) 222-2300  
Fax: (904) 222-5410

2005 Southeast Financial Center  
Miami, FL 33131-2398  
(305) 577-2800  
Fax: (305) 358-1418

515 North Flagler Drive  
1200 Northbridge Centre 1  
West Palm Beach, FL 33401-4307  
(305) 650-7200  
Fax: (305) 655-1509

440 Royal Palm Way  
Palm Beach, FL 33480  
(305) 650-7200

1200 North Federal Highway  
Suite 409  
Bokeston, FL 33432  
(305) 394-5000  
Fax: (305) 394-4858

CERTIFICATE OF SERVICE  
DOCKET NO. 900004-EU

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Interconnection Agreement (Tariff Sheets 9.800-9.804), Standard Offer Contract (Tariff Sheets 9.850-9.860), Standard Rate COG-1 (Tariff Sheets 10.100-10.105) Standard Rate COG-2 (Tariff Sheets 10.200-10.212), Executive Summary, Forms Index, Forms 1.1-9.3 and System Map have been furnished to the following individuals by Hand Delivery or U. S. Mail on this 30th day of October, 1990.

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Florida Public Service Commission  
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Tallahassee, FL 32301

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Tallahassee, FL 32314

Jack Shreve, Esq.  
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Fla. Keys Electric Coop.  
E. M. Grant  
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Tavernier, FL 33070

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St. Petersburg, FL 33733

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Moore, Williams & Bryant  
P. O. Box 1169  
Tallahassee, FL 32302

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P. O. Box 490, St. 52  
Gainesville, FL 32602

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Reedy Creek Utilities Co.  
P. O. Box 40  
Lake Buena Vista, FL 32830

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Suzanne Brownless, Esq.  
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Young, Van Assenderp  
P. O. Box 1833  
Tallahassee, FL 32302-1833

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Jacksonville, FL 32202

City of Chattahoochee  
Attn: Superintendent  
115 Lincoln Drive  
Chattahoochee, FL 32324

Quincy Municipal Electric  
P. O. Box 941  
Quincy, FL 32351

Barney L. Capehart  
601 N.W. 35th Way  
Gainesville, FL 32605

Cogeneration Program Manager  
Governor's Energy Office  
301 Bryant Building  
Tallahassee, FL 32301

John Blackburn  
P. O. Box 405  
Maitland, FL 32751

E. J. Patterson  
Fla. Public Utilities Co.  
P. O. Drawer C  
West Palm Beach, FL 33402

Fla. Rural Electric Coop.  
Yvonne Gsteiger  
P. O. Box 590  
Tallahassee, FL 32302  
Gene Tipps  
Seminole Electric Coop.  
P. O. Box 272000  
Tampa, FL 33688-2000

Guyte P. McCord, III  
P. O. Box 82  
Tallahassee, FL 32302

Lawson Law Firm  
P. O. Box 3350  
Tampa, FL 33601

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Shaheda Sultan, Esq.  
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Meagher & Flom  
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Washington, D. C. 20005

  
Matthew M. Childs, P.A.

# ATTACHMENT I

DOCUMENT NUMBER-DATE

09752 OCT 30 1993

FPSC-RECORDS/REPORTING

INTERCONNECTION AGREEMENT  
FOR QUALIFYING FACILITIES

Florida Power & Light Company (hereinafter called "FPL") agrees to interconnect with

(hereinafter called the "QF"), subject to the following provisions:

**1. Facility.**

The QF's generating facility (hereinafter called the "Facility"), is to be or is located at \_\_\_\_\_, within FPL's service area. QF intends to have the Facility installed and operational on or about \_\_\_\_\_, 19\_\_\_\_. The QF shall provide FPL a minimum of 30 days' prior written notice of the Facility's initial generating operation, and it shall cooperate with FPL to arrange initial deliveries of power to FPL's system.

The Facility has been or will be certified as a Qualifying Facility pursuant to the rules and regulations of the Florida Public Service Commission ("FPSC") or the Federal Energy Regulatory Commission ("FERC"). The QF shall maintain the qualifying status of the Facility throughout the term of this Agreement.

**2. Construction Activities.**

The QF shall provide FPL with written instructions to proceed with construction of the interconnection facilities as described in this Agreement at least 24 months prior to the date on which the interconnection facilities shall be completed. FPL agrees to complete the interconnection facilities as described in this Agreement within 24 months of receipt of written instructions from the QF agreeing to the proposed designation and authorizing FPL to proceed with detailed engineering.

Upon the parties' agreement as to the appropriate interconnection design requirements and FPL's receipt of written instructions delivered by the QF authorizing FPL to proceed with detailed engineering, FPL shall engineer and perform or cause to be performed all of the work necessary to interconnect the Facility with the FPL system.

The QF agrees to pay FPL all expenses incurred by FPL regarding the procurement, design, construction, operation, supervision, overhead, maintenance and replacement of the interconnection facilities necessary for integration of the Facility into FPL's electrical system, including (as appropriate) necessary internal improvements to the FPL transmission system; to the extent that any such transmission improvements affect the Adjustment to Capacity Payment as described in Rate Schedule COG-2, then appropriate adjustments will be made to the capacity payment. Such interconnection costs shall not include any costs which FPL would otherwise incur if it were not engaged in interconnected operations with the QF, but instead simply provided the electric power requirements of the Facility with electricity either generated by FPL or purchased from another source.

The QF agrees to pay the costs for complete interconnection work ( ) within 30 days after FPL notifies the QF that such interconnection work has been completed, and to provide, concurrently with the liability insurance mandated by Section 10, a surety

(Continued on Sheet No. 9.801)

(Continued from Sheet No. 9.800)

bond, letter of credit or comparable assurance of payment adequate to cover the interconnection cost estimates set forth on Exhibit A, or ( ) to pay monthly invoices from FPL for actual costs progressively incurred in installing the interconnection facilities, or ( ) based upon a demonstration of credit worthiness acceptable to FPL in \_\_\_\_\_ (up to 36) monthly installments, plus interest on the outstanding balance calculated at the 30-day highest grade commercial paper rate in effect 30 days prior to the date each payment is due, with the first such installment payment being due 30 days after FPL notifies the QF that interconnection work has been completed.

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

### 3. Cost Estimates.

Attached hereto as Exhibit A is a document entitled "QF Interconnection Cost Estimates". The parties agree that the cost of the interconnection work contained therein is an estimate of the actual cost to be incurred.

### 4. Technical Requirements and Operations.

The parties agree that the QF's interconnection with, and delivery of electricity into, the FPL system must be accomplished in accordance with the provisions of FPSC Rule 25-17.087. FPSC Rule 25-17.087 is attached hereto as Exhibit B and made a part of this Agreement.

The QF agrees to require that the Facility operator immediately notify FPL'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 FPL, then FPL will likewise immediately contact the operator of the Facility by telephone. Each party agrees to immediately take whatever appropriate corrective action is necessary to correct the hazardous or unsafe conditions.

### 5. Interconnection Facilities.

The interconnection facilities shall include the items listed in the document entitled "Interconnection Facilities", which is attached hereto as Exhibit C and hereby made an integral part of this Agreement.

Interconnection facilities on FPL's side of the ownership line with QF shall be owned, operated, maintained and repaired by FPL. The QF shall be responsible for the cost of designing, installing, operating and maintaining the interconnection facilities on the QF's side of the ownership line as indicated as Exhibit C. The QF shall be responsible for establishing and maintaining controlled access by third parties to the interconnection facilities. FPL metering equipment required to be located on the QF's side of the ownership line shall be owned, operated, maintained, tested, repaired and replaced by FPL.

### 6. Maintenance and Repair Payment.

FPL will separately invoice the QF monthly for all costs associated with the operation, maintenance and repair of the interconnection facilities. The QF elects to pay for such work on a ( ) actual cost or ( ) on a percentage basis, as set forth in Rate Schedules COG-1 and COG-2. The QF agrees to pay FPL within 20 days of receipt of each such invoice.

(Continued on Sheet No. 9.802)

(Continued from Sheet No. 9.801)

**7. Site Access.**

In order to help ensure the continuous, safe, reliable and compatible operation of the Facility with the FPL system, the QF hereby grants to FPL, 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 QF to the extent that FPL 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 FPL's system, including FPL's metering equipment.

**8. Construction Responsibility.**

In no event shall any FPL statement, representation, or lack thereof, either express or implied, relieve the QF of its exclusive responsibility for the Facility. Specifically, any FPL inspection of the Facility shall not be construed as confirming or endorsing the Facility's design or its operating or maintenance procedures, or as a warranty or guarantee as to the safety, reliability, or durability of the Facility's equipment. FPL's inspection, acceptance, or its failure to inspect shall not be deemed an endorsement of any Facility equipment or procedure.

**9. Indemnification.**

FPL and the the QF shall each be responsible for its own facilities. FPL and the QF shall each be responsible for ensuring adequate safeguards for other FPL customers, FPL and the QF personnel and equipment, and for the protection of its own generating system. FPL and the QF shall each indemnify and save the other, the other's parent, subsidiaries and each of their respective officers, directors, employees, agents and contractors (hereinafter called, respectively, "FPL Entities" and "QF Entities") harmless from any and all claims, demands, costs, or expense for loss, damage or injury to persons or property of the other caused by, arising out of, or resulting from:

- (a) Any act or omission by a party of that party's contractors, agents, servants and employees in connection with the installation or operation of that party's generation system or the operation thereof in connection with the other party's system;
- (b) Any defect in, failure of, or fault related to, a party's generation system;
- (c) The negligence of a party or negligence of that party's Entities (as above defined); or
- (d) Any other event or act which is the result of, or proximately caused by, that party's Entities.

**10. Insurance**

The QF shall procure or cause to be procured a policy or policies of liability insurance issued by an insurer or insurers satisfactory to FPL on a standard "Insurance Services Office" commercial general liability form. Said policy(ies) shall cover liabilities which might arise under, or in the performance or nonperformance of, this Agreement and the parties' power purchase agreement dated \_\_\_\_\_. An FPL certificate of insurance shall be delivered to FPL at least fifteen calendar days prior to the start of any interconnection field work. At a minimum, said policy(ies) shall contain (i) an endorsement providing coverage including, but not limited to, products liability/completed operations coverage for the term of this Agreement, and (iii) a broad form contractual liability endorsement for FPL Entities and QF Entities. Effective at least fifteen calendar days prior to the synchronization of the

(Continued on Sheet No. 9.803)

(Continued from Sheet No. 9.802)

Facility with FPL's system, the policy(ies) shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards.

The policy(ies) shall have a minimum limit of \$300,000 per occurrence, combined single limit, for bodily injury (including death) or property damage; more insurance may be required as deemed necessary by FPL. Any premium assessment or deductible shall be for the account of the QF and not FPL Entities.

In its event that the policy(ies) is (are) on a "claim made" basis, the retroactive date of the policy(ies) shall be the effective date of this Agreement or such other date as to protect the interests of FPL Entities and QF Entities. Furthermore, if the policy(ies) is (are) on a "claims made" basis, the QF's duty to provide such coverage shall survive the termination of this Agreement until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort; if coverage is on an "occurrence" basis, such insurance shall be maintained by the QF during the entire period of interconnection and performance by the parties under this Agreement. The policy(ies) shall not be cancelled or materially altered without at least thirty calendar days' written notice to FPL. Coverage must be reasonably acceptable to FPL.

The QF shall provide to FPL evidence of such liability insurance coverage on FPL Form 1364-23, without modification. An example of such form is attached hereto as Exhibit D. A copy of the policy(ies) shall be made available for inspection by FPL at the QF's offices upon reasonable advance notification.

FPL Entities shall be designated as an additional named insured under the policy(ies), and the policy(ies) shall be endorsed to be primary to (i) any insurance which may be maintained by, or on behalf of, FPL Entities, and (ii) any indemnity-related obligation(s) of either party pursuant to Section 9 hereof.

#### 11. Taxation

In the event that FPL becomes liable, after the execution of this Agreement, for additional taxes, assessments or impositions arising out of its interconnection with the QF, or the QF's payment for the interconnection facilities, FPL may bill the QF monthly for such additional expenses or may offset them against amounts due the QF under any FPL/QF power purchase agreement.

#### 12. Electric Service to the QF.

FPL will provide the class or classes of electric service requested by the QF, to the extent that they are consistent with applicable tariffs.

#### 13. Notification.

All formal notices affecting the provisions of this Agreement shall be delivered in person or sent by registered or certified mail to the individuals designated below. The parties designate the following to be notified or to whom payment shall be sent until such

(Continued on Sheet No. 9.804)



(Continued from Sheet No. 9.803)

time as either party furnishes the other party written instructions to contact another individual.

For the QF: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

For FPL: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

IN WITNESS WHEREOF, the QF and FPL executed this Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

WITNESS:

\_\_\_\_\_

FLORIDA POWER & LIGHT COMPANY (FPL)

\_\_\_\_\_

Date: \_\_\_\_\_

WITNESS:

\_\_\_\_\_

\_\_\_\_\_ (QF)

\_\_\_\_\_

Date: \_\_\_\_\_

**INTERCONNECTION AGREEMENT  
FOR QUALIFYING FACILITIES**

Florida Power & Light Company, (~~hereinafter referred to as~~ called "FPL"), agrees to interconnect with \_\_\_\_\_  
(~~hereinafter referred to as~~ called the "QF"), subject to the following provisions:

**1. Facility.**

The QF's generating facility, (~~hereinafter referred to as~~ called the "Facility"), is to be or is located at \_\_\_\_\_, within FPL's service territory area. QF intends to have ~~the~~ Facility installed and operational on or about \_\_\_\_\_, 19 \_\_\_\_\_. ~~The QF shall provide the Company reasonable~~ FPL a minimum of 30 days' prior written notice of the Facility's initial generating operation, and it shall cooperate with ~~the Company~~ FPL to arrange initial deliveries of power to FPL's system.

The Facility has been or will be certified as a Qualifying Facility pursuant to the rules and regulations of the Florida Public Service Commission ("FPSC") or the Federal Energy Regulatory Commission ("FERC"). The QF shall maintain the qualifying status of the Facility throughout the term of the ~~Interconnection~~ this Agreement.

**2. Construction Activities.**

The QF shall provide FPL with written instructions to proceed with construction of the interconnection facilities as described in this Agreement at least 24 months prior to the date on which the interconnection facilities shall be completed. FPL agrees to complete the interconnection facilities as described in this Agreement within 24 months of receipt of written instructions from the QF agreeing to the proposed designation and authorizing FPL to proceed with detailed engineering.

Upon the parties' agreement as to the appropriate interconnection design requirements and FPL's receipt of written instructions to proceed delivered by QF ~~delivered by the QF authorizing FPL to proceed with detailed engineering~~, FPL shall design engineer and perform or cause to be performed all of the work necessary to interconnect the Facility with the FPL system.

The QF agrees to pay FPL all expenses incurred by FPL ~~regarding the procurement, design, construction, operation, supervision, overhead, maintenance and repair and replacement~~ of the interconnection facilities necessary for integration of the Facility into FPL's electrical system, including (as appropriate) necessary internal improvements to the FPL transmission system; to the extent that ~~any such transmission improvements affect the Adjustment to Capacity Payment as described in Rate Schedule COG-2, then appropriate adjustments will be made to the capacity payment.~~ Such interconnection costs shall not include any costs which FPL would otherwise incur if it were not engaged in interconnected operations with the QF, but instead simply provided the electric power requirements of the Facility with electricity either generated by FPL or purchased from another source.

The QF agrees to pay the costs for complete interconnection work ( ) within 30 days after FPL notifies the QF that such interconnection work has been completed, and to provide, concurrently with the liability insurance mandated by Section 10, a surety bond, letter of credit or comparable assurance of payment adequate to cover the interconnection cost estimates set forth on Exhibit A, or

( ) to pay monthly invoices from FPL for actual costs progressively incurred in installing the interconnection facilities, or ( ) payable based upon a demonstration of credit worthiness acceptable to FPL, in \_\_\_\_\_ (up to 36) monthly installments, plus interest on the outstanding balance calculated at the 30-day highest grade commercial paper rate in effect 30 days prior to the date each payment is due, with the first such installment payment being due 30 days after FPL notifies the QF that such interconnection work has been completed.

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

3. Cost Estimates.

Attached hereto as Exhibit A is a document entitled "QF Interconnection Cost Estimates". The parties agree that the cost of the interconnection work contained therein is an estimate of the actual cost to be incurred.

4. Technical Requirements and Operations.

The parties agree that the QF's interconnection with, and delivery of electricity into, the FPL system must be accomplished in accordance with the provisions of Exhibit A entitled "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" which is in compliance with FPSC Rule 25-17.087, adopted by the FPSC Rule 25-17.087 in Order No. 12443, Docket 820406-EU, attached to hereto as Exhibit B and made a part of this Agreement.

The QF agrees to require that the Facility operator immediately notify FPL'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 FPL, then FPL will likewise immediately contact the operator of the Facility by telephone. Each party agrees to immediately take whatever appropriate corrective action is necessary to correct the hazardous or unsafe conditions.

5. Interconnection Facilities.

The interconnection facilities shall include the items listed in the attached document entitled "Interconnection Facilities", which is attached hereto as Exhibit C and hereby made an integral part of this Agreement.

Interconnection facilities on FPL's side of the ownership line with QF shall be owned, operated, maintained and repaired by FPL. The QF shall be responsible for the cost of designing, installing, operating and maintaining the interconnection facilities on the QF's side of the ownership line as indicated in the attached documents Exhibit C. The QF shall be responsible for establishing and maintaining controlled access by third parties to the interconnection facilities. FPL metering equipment required to be located on the QF's side of the ownership line shall be owned, operated, maintained, tested, repaired and replaced by FPL.

6. Maintenance and Repair Payment.

FPL will separately invoice the QF monthly for all costs associated with the operation, maintenance and repair of the interconnection facilities. The QF elects to pay for such work on a ( ) actual cost or ( ) on a percentage basis, as set forth in Rate Schedules COG-1 and COG-2. The QF agrees to pay FPL within 20 days of receipt of each such invoice.

7. Site Access.

In order to help ensure the continuous, safe, reliable and compatible operation of the Facility with the FPL system, the QF hereby grants to FPL, 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 QF to the extent that FPL 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 FPL's system, including FPL's metering equipment.

**8. Construction Responsibility.**

In no event shall any FPL statement, representation, or lack thereof, either express or implied, relieve the QF Qualifying Facility of its exclusive responsibility for the Facility. Specifically, any FPL 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. FPL's inspection, acceptance, or its failure to inspect shall not be deemed an endorsement of any Facility equipment or procedure.

**9. Insurance/Indemnification.**

~~QF shall deliver to FPL 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 QF and FPL, their officers, employees, and representatives, against FPL and the QF shall each be responsible for its own facilities. FPL and the QF shall each be responsible for ensuring adequate safeguards for other FPL customers, FPL and the QF personnel and equipment, and for the protection of its own generating system. FPL and the QF shall each indemnify and save the other, the other's parent, subsidiaries and each of their respective officers, directors, employees, agents and contractors (hereinafter called, respectively, "FPL Entities" and "QF Entities") harmless from any and all claims, demands, costs, or expense for loss, damage or injury to persons or property of the other caused by, arising out of, or resulting from:~~

- (a) Any act or omission by a party of that party's contractors, agents, servants and employees in connection with the installation or operation of that party's generation system or the operation thereof in connection with the other party's system;
- (b) Any defect in, failure of, or fault related to, a party's generation system;
- (c) The negligence of a party or negligence of that party's Entities (as above defined); or
- (d) Any other event or act which is the result of, or proximately caused by, that party's Entities.

**10. Insurance**

The QF shall procure or cause to be procured a policy or policies of liability insurance issued by an insurer or insurers satisfactory to FPL on a standard "Insurance Services Office" commercial general liability form. Said policy(ies) shall cover liabilities which might arise under, or in the performance or nonperformance of, this Agreement and the parties' power purchase agreement dated \_\_\_\_\_

An FPL certificate of insurance shall be delivered to FPL at least fifteen calendar days prior to the start of any interconnection field work. At a minimum, said policy(ies) shall contain (i) an endorsement providing coverage including, but not limited to, products liability/completed operations coverage for the term of this Agreement, and (iii) a broad form contractual liability endorsement for FPL Entities and QF Entities. Effective at least fifteen calendar days prior to the synchronization of the Facility with FPL's system, the policy(ies) shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards.

The policy(ies) shall have a minimum limit of \$300,000 per occurrence, combined single limit, for bodily injury (including death) or property damage; more insurance may be required as deemed necessary by FPL. Any premium assessment or deductible shall be for the account of the QF and not FPL Entities.

In the event that the policy(ies) is (are) on a "claim made" basis, the retroactive date of the policy(ies) shall be the effective date of this Agreement or such other date as to protect the interests of FPL Entities and QF Entities. Furthermore, if the policy(ies) is (are) on a "claims made" basis, the QF's duty to provide such coverage shall survive the termination of this Agreement until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort; if coverage is on an "occurrence" basis, such insurance shall be maintained by the QF during the entire period of interconnection and performance by the parties under this Agreement. The policy(ies) shall not be cancelled or materially altered without at least thirty calendar days' written notice to FPL. Coverage must be reasonably acceptable to FPL.

The QF shall provide to FPL evidence of such liability insurance coverage on FPL Form 1364-23, without modification. An example of such form is attached hereto as Exhibit D. A copy of the policy(ies) shall be made available for inspection by FPL at the QF's offices upon reasonable advance notification.

FPL Entities shall be designated as an additional named insured under the policy(ies), and the policy(ies) shall be endorsed to be primary to (i) any insurance which may be maintained by, or on behalf of, FPL Entities, and (ii) any indemnity-related obligation(s) of either party pursuant to Section 9 hereof.

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 QF, or caused by operation of any of the QF's equipment or by the QF's failure to maintain the Facility's equipment in satisfactory and safe operating conditions, or otherwise arising out of the performance by the QF or FPL of the terms and conditions of this Agreement.

The policy providing such coverage shall provide comprehensive general liability insurance, including property damage, with limits in an amount to be determined on a case by case basis, but in no event less than \$300,000 for each occurrence. In addition, the above required policy shall be endorsed with a provision whereby the insurance company will notify FPL thirty days prior to the effective date of cancellation or material change in policy. The Qualifying Facility shall pay all premiums and other charges due on said policy in force during the entire period of interconnection with FPL.

#### 11. Taxation

In the event that FPL becomes liable, after the execution of this Agreement, for additional taxes, assessments or impositions arising out of its interconnection with the QF, or the QF's payment for the interconnection facilities, FPL may bill the QF monthly for such additional expenses or may offset them against amounts due the QF under any FPL/QF power purchase agreement.

#### 102. Electric Service to Qualifying Facility the QF.

FPL will provide the class or classes of electric service requested by the QF Qualifying Facility, 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 Qualifying Facilities' ability to generate and deliver electricity to FPL's system.

#### 113. Notification.

All formal notices affecting the provisions of this Agreement shall be delivered in person or sent by registered or certified mail to the individuals parties designated below. The parties designate the following to be notified or to whom payment shall be sent until such time as either party furnishes the other party written instructions to contact another individual.

For the QF: \_\_\_\_\_

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

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

For FPL: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

IN WITNESS WHEREOF, the QF, and FPL executed this Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

WITNESS:

\_\_\_\_\_

FLORIDA POWER & LIGHT COMPANY (FPL)

\_\_\_\_\_

Date: \_\_\_\_\_

WITNESS:

\_\_\_\_\_

\_\_\_\_\_ (QF)

\_\_\_\_\_

Date: \_\_\_\_\_

# **ATTACHMENT II**

STANDARD OFFER CONTRACT FOR THE PURCHASE OF  
 FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY  
 LESS THAN 75 MW OR A SOLID WASTE FACILITY

THIS AGREEMENT is made and entered this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between  
 \_\_\_\_\_ (hereinafter "FPL"), a private utility corporation organized under the laws of the State of Florida. The QF and FPL shall be  
 identified herein as the "Parties".

WITNESSETH:

WHEREAS, QF desires to sell, and FPL desires to purchase electricity to be generated by the QF consistent with  
 Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17.087 of Order No. 23623, Docket No. 891049-ELJ; and

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

WHEREAS, the FPSC has approved this Standard Offer Contract for the Purchase of Firm Capacity and Energy from  
 a Qualifying Facility Less Than 75 Megawatts or a Solid Waste Facility ("Contract");

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

1. Facility Qualifying Status  
 The QF contemplates installing and operating a \_\_\_\_\_ KVA \_\_\_\_\_ generator located at  
 \_\_\_\_\_ (hereinafter called the  
 "Facility"). The generator is designed to produce a maximum of \_\_\_\_\_ kilowatts (kW) of electric power at an 85% lagging  
 to 85% leading power factor.

The Facility has been certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy  
 Regulatory Commission ("FERC"). The QF shall maintain the "qualifying" status of the Facility throughout the term of this  
 Contract.

2. Term of Contract  
 Except as otherwise provided herein (e.g., Sections 7, 8, 9, 11, 12.3, 12.4), this Contract shall begin immediately upon  
 its execution by the parties and shall end at 12:01 a.m., \_\_\_\_\_, 20\_\_\_\_.

Notwithstanding the foregoing, if commercial operation of the Facility is not accomplished by the QF before January  
 1, 1997, FPL's obligations under this Contract shall be rendered of no force and effect.

3. Minimum Specifications  
 As required by FPSC Rule 25-17.0832 (3) (e), below are the minimum specifications pertaining to this Contract:
1. Avoided unit(s) on which this Contract is based: 125 MW constituting the first stage of a 1998 907 MW  
 Integrated Gasifier Combined Cycle generating unit.
  2. Total committed capacity needed to fully subscribe the avoided unit (MW): 125 MW.
  3. Expiration date: December 31, 1992
  4. Date by which firm capacity and energy deliveries from the QF to FPL shall commence: January 1, 1997,  
 unless early capacity payments are received.
  5. Period of time over which firm capacity and energy shall be delivered from the QF to FPL: \_\_\_\_\_  
 (minimum of ten years, maximum of thirty years from January 1, 1997).

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(Continued from Sheet No. 9.850)

6. Minimum performance standards for the delivery of firm capacity and energy by the QF.

Availability	<u>On Peak *</u>	<u>Off Peak</u>
Capacity Factor	87 %	87 %
* On Peak hours as defined in Appendix C.		

4. Sale of Electricity by the QF

4.1 Purchase by FPL

Consistent with the terms hereof, FPL agrees to purchase all of the electric power generated by the Facility and delivered to FPL. The purchase and sale of electricity pursuant to this Contract shall be a ( ) net billing arrangement or ( ) simultaneous purchase and sale arrangement. The billing methodology may be changed at the option of the QF, subject to the provisions of Rate Schedule COG-2.

5. Payment for Electricity Produced by the Facility

5.1 Energy

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

Prior to January 1, 1997, the QF will receive energy payments based on FPL's actual avoided energy costs. After January 1, 1997, the QF's energy payments will be based on the lesser of FPL's actual avoided fuel costs or the fuel cost of FPL's Avoided Unit as identified in Rate Schedule COG-2, such comparison to be made hourly.

5.2 Capacity

5.2.1 Capacity Payment

FPL agrees to pay the QF for the capacity described in Paragraph 5.2.2 in accordance with the rates and procedures contained in Rate Schedule COG-2, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option \_\_\_\_\_ of Rate Schedule COG-2. Once so selected, this option cannot be changed for the life of this Contract.

5.2.2 Committed Capacity

It is the intent of the QF to sell \_\_\_\_\_ kW of Committed Capacity, beginning on \_\_\_\_\_, 19\_\_\_\_. The QF shall have the one-time option of finalizing its Committed Capacity after initial Facility testing, and specifying when capacity payments are to begin. Such option shall be exercised by providing formal written notice, in accordance with Paragraph 12.10, informing FPL of the beginning date above, and of any adjustment in the Committed Capacity for small discrepancies between anticipated and actual capacity after Facility testing. In the event such notice is not received by FPL prior to the commercial in-service date of the Facility or January 1, 1997, whichever occurs first, the Committed Capacity specified in this Section shall be considered as the QF's committed capacity.

5.3 Payments

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

6. Electricity Production and Plant Maintenance Schedule

6.1

During the term of this Contract, the QF shall submit to FPL in writing by April 1 of each calendar year an estimate of the amount of electricity to be generated by the Facility and delivered to FPL for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in capacity.

(Continued on Sheet No. 9.852)

Continued from Sheet No. 9.851)

6.2 By October 31 of each calendar year, FPL shall notify the QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL cannot accept any of the requested scheduled maintenance periods, FPL shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. QF shall only schedule outages during periods approved by FPL, and such approval shall not be unreasonably withheld. Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such event is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed.

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

#### 6.4 Dispatch and Control

6.4.1 Power supplied by the QF hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of \_\_\_\_\_,000 volts (\_\_\_\_\_ kV) and power factor dispatchable and controllable in the range of 85% lagging to 85% leading as measured at the interconnection point to maintain system operating parameters, as specified by FPL.

6.4.2 The QF shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPL's system, except for normal testing and repair in accordance with good engineering and operating practices as agreed by the Parties. The QF shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal testing and repair. The QF shall have qualified personnel test and calibrate all protective equipment at regular intervals in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and results provided to FPL prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices as agreed by the Parties.

6.4.3 If the Facility is separated from the FPL system for any reason, under no circumstances shall the QF reclose into FPL's system without first obtaining FPL's specific approval.

6.4.4 During the term of this Contract, the QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPL. The QF shall ensure that operating personnel are on duty at all times, twenty-four hours a calendar day and seven calendar days a week. Additionally, during the term of this Contract, the QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder.

6.4.5 FPL shall not be obligated to purchase, and may require curtailed or reduced deliveries of, energy to the extent necessary to maintain the reliability and integrity of any part of FPL's system, or if FPL determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to FPL's customers. FPL shall give the QF prior notice, if practicable, of its intent to refuse, curtail or reduce FPL's acceptance of energy pursuant to this Section and will act to minimize the frequency and duration of such occurrences.

6.4.6 FPL shall not be required to accept or purchase energy during any period in which, due to operational circumstances, acceptance or purchase of such energy would result in FPL's incurring costs greater than those which it would incur by generating an equal additional amount of energy with its own resources. An example of such an occurrence would be a period during which the load being served is such that the generating units on line are base load units operating at their minimum continuous ratings and the purchase of additional energy would require taking a base load unit off the line and replacing the remaining load served by that unit with peaking-type generation. FPL shall give the QF as much prior notice as practicable of its intent not to accept energy pursuant to this Section.

#### 7. Completion Security

7.1 The QF shall provide FPL either (i) unconditional, irrevocable direct pay letter(s) of credit issued by bank(s) acceptable to FPL in form and substance acceptable to FPL [including, but not limited to, a provision for automatic renewals through \_\_\_\_\_, 199\_ and sixty days' prior written notice by the issuing bank(s) to FPL of the issuing bank(s) intention not to renew

(Continued on Sheet No. 9.853)

(Continued from Sheet No. 9.852)

the letter(s) of credit, and a provision that, upon receipt of such notice, FPL may draw upon the letter(s) of credit in full] or (ii) cash. Such letters of credit or cash shall be in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) [\$20 per kW] to assure completion of the Facility by January 1, 1997, and shall be provided or paid to FPL within ninety days of the execution of the Contract.

7.2 Within twenty-four months from the date of execution of this Contract, the QF shall notify FPL of any revision to the Facility's anticipated commercial operation date, based on the QF's knowledge at such time, if such date is expected to occur after January 1, 1997.

7.3 If the commercial operation date does not occur on or before January 1, 1997, then, commencing on such date, and continuing the first calendar day of each calendar month for five calendar months or until the commercial operation date, FPL shall retain 20% per calendar month (or portion thereof) of such completion security, or shall be entitled to draw on the letter(s) of credit for such percentage per calendar month. The Parties acknowledge that the injury which FPL will suffer as a result of delayed availability of committed capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the commercial operation date occurs prior to June 1, 1997, then the QF shall be entitled to a refund of any remaining completion security.

#### 8. Performance Security

In order to assure that the QF delivers firm capacity and energy in the amounts and at the times specified in this Contract, FPL shall require an up-front payment or surety bond in the amount of \$20 per kilowatt of committed capacity, or an equivalent assurance of payment, to protect FPL's ratepayers from the QF's failure to so deliver firm capacity and energy. The specific security for the QF's performance selected for purposes of this Contract is: \_\_\_\_\_ Such payment, surety or equivalent assurance shall be refunded or released, as applicable, upon demonstration, to FPL's reasonable satisfaction, over a six-month period following commercial operation, that the Facility can deliver the amounts of capacity and energy specified in this Contract. Absent such timely demonstration, the up-front payment, or the amount secured by the surety bond or equivalent assurance payment, shall be forfeited to FPL to help defray the costs of replacement power.

#### 9. QF's Obligation if the QF Receives Early, Levelized, or Early Levelized Capacity Payments.

The QF's payment choice pursuant to paragraph 5.2.1 may result in annual payments from FPL to the QF which exceed the payments which would have been received under the normal payment stream as described in Option A of Rate Schedule COG-2. The Parties recognize that either capacity payments paid prior to December 31, 1996, or levelized capacity payments which are initially in excess of the value of deferral of FPL's Avoided Unit are in the nature of "prepayment" for a future capacity deferral benefit to FPL. To ensure that FPL will receive the capacity deferral benefit for which early and levelized capacity payments have been made or, alternatively, that, in the event of default or termination of this Contract, the QF will repay the amount of these "prepayments" received to the extent the capacity benefit has not been conferred, the following provisions will apply:

FPL shall establish a Capacity Account which will be used to accrue payments that are in excess of payments which would have been received under Option A from Rate Schedule COG-2. On a monthly basis, FPL will calculate the difference between the amount of FPL's capacity payment made to the QF pursuant to the QF's chosen payment option from Rate Schedule COG-2 and the amount of the capacity payment which would have been made to the QF under Option A from Rate Schedule COG-2, after adjusting both of these amounts using the Capacity Factor Adjustment in Appendix C. The Capacity Account will be debited to the extent that this difference is positive. The Capacity Account will be credited to the extent that this difference is negative. The net monthly balance in the Capacity Account shall accrue interest at an annual rate equal to FPL's incremental after-tax cost of capital as defined in the Rate Schedule COG-2. The accrued interest will be debited on a monthly basis to the Capital Account.

The QF shall owe FPL and be liable for the net debit balance in the Capacity Account, which signifies a net prepayment for a future capacity deferral benefit. At no time shall FPL be liable to the QF for a net credit balance in the Capacity Account. FPL agrees to notify the QF monthly as to the current Capacity Account balance. Twenty (20) days prior to receipt of advance or levelized capacity payments under Options B, C or D from Rate Schedule COG-2, the QF shall execute a promise to repay any debit balance in the Capacity Account in the event that the QF defaults under this Contract. Such promise shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091) by a letter of credit, surety bond, or equivalent

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means of repayment in accordance with the provisions of Rate Schedule COG-2. The specific repayment assurance selected for purposes of this Contract is:

The total Capacity Account shall immediately become due and payable by the QF in the Event of Default by the QF. The QF's obligation to pay the debt balance in the Capacity Account shall survive termination of this Contract.

#### 10. Performance Factor

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

#### 11. Default

Notwithstanding the occurrence of any Force Majeure as described in Section 12.6, each of the following shall constitute an Event of Default:

- (a) The QF fails to maintain the "qualifying" status of the Facility pursuant to FERC Regulations;
- (b) After the commercial operation date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described on Appendix C, of at least 60%; provided, however, such period shall be extended to eighteen consecutive months if (i) the QF determines that major equipment, including, but not limited to, the boiler and the turbine generator, needs replacement, (ii) within 60 days of failure, the QF provides to FPL, in writing, proof that such major equipment does need replacing, (iii) FPL concurs in such determination, and (iv) such major equipment is actually replaced;

(c) After the commercial operation date, the Facility fails for any twenty-four consecutive months to maintain an Annual Capacity Billing Factor of at least 60%;

(d) The QF ceases the conduct of active business; or if proceedings under the Federal Bankruptcy Act or insolvency laws shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;

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

(f) The QF materially fails to perform as specified under this Contract, including the QF's obligations under Sections 6, 7, 8, 9, and 12.

#### 12. General Provisions

12.1 Project Viability - The QF shall provide the following documents indicating project viability, to the extent that they apply to the type of Facility covered by this Contract. These documents shall be provided at the time this Contract is presented to FPL:

- a) Articles of Incorporation or partnership agreement and most recent annual report of the QF;
- b) A description of the experience and capabilities of the principals proposing the QF;
- c) Letters of intent involving project financing, fuel supply, and/or architect/engineers;
- d) Evidence of ownership or options to purchase or lease real property;
- e) Prospectus for securities or bond offerings;
- f) Contract with a municipality indicating that the QF has been selected as architect/engineer/operator;
- g) A description of the proposed Facility and its technology;
- h) Technical and environmental data related to the performance of comparable facilities and technologies;

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- i) Feasibility studies and any other technical, economic and/or environmental information which may reasonably assist FPL to determine that the QF is financially and technically viable, and that the Facility will be constructed and operated as proposed.

**12.2 Permits**

The QF hereby agrees to seek to obtain any and all governmental permits, certifications or other authority which the QF is required to obtain as a prerequisite to engaging in the activities specified in this Contract. FPL hereby agrees to seek to obtain any and all governmental permits, certifications or other authority which FPL is required to obtain as a prerequisite to engaging in the activities specified in this Contract.

**12.3 Indemnification**

FPL and the QF shall each be responsible for its own facilities. FPL and the QF shall each be responsible for ensuring adequate safeguards for other FPL customers, FPL and the QF personnel and equipment, and for the protection of its own generating system. FPL and the QF shall each indemnify and save the other, the other's parent, subsidiaries and each of their respective officers, directors, employees, agents and contractors (hereinafter called, respectively, "FPL Entities" and "QF Entities") harmless from any and all claims, demands, costs or expenses for loss, damage or injury to persons or property of the other caused by, arising out of, or resulting from:

- (a) Any act or omission by a Party or that Party's contractors, agents, servants and employees in connection with the installation or operation thereof in connection with the other Party's system;
- (b) Any defect in, failure of, or fault related to, a Party's generation system;
- (c) The negligence of a Party or negligence of that Party's Entities (as above defined); or
- (d) Any other event or act that is the result of, or proximately caused by, that Party's Entities.

**12.4 Insurance**

12.4.1 The QF shall procure or cause to be procured a policy of liability insurance issued by an insurer satisfactory to FPL on a standard "Insurance Services Office" commercial general liability form. Said policy shall cover liabilities which might arise under, or in the performance or nonperformance of, this Contract and the Parties' (interconnection)(transmission service) agreement dated \_\_\_\_\_. An FPL certificate of insurance shall be delivered to FPL at least fifteen calendar days prior to the start of any interconnection work. At a minimum, said policy shall contain (i) an endorsement providing coverage, including, but not limited to, products liability/completed operations coverage for the term of this Contract, and (ii) a broad form contract actual liability endorsement for FPL Entities and QF Entities. Effective at least fifteen calendar days prior to the synchronization of the Facility with FPL's system, the policy shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards.

12.4.2 The policy in Section 12.4.1 shall have a minimum limit of \$300,000, per occurrence, combined single limit, for bodily injury (including death) or property damage. A higher limit of insurance shall be provided if required by FPL. Provided, however, in the event that such insurance becomes totally unavailable or procurement becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but FPL and the QF shall enter into negotiations to develop substitute protection for FPL Entities which FPL, in its reasonable judgment, deems adequate. Any premium assessment or deductible shall be for the account of the QF and not FPL Entities.

12.4.3 In the event that the policy is on a "claims made" basis, the retroactive date of the policy shall be the effective date of this Contract or such other date as to protect the interests of FPL Entities and QF Entities. Furthermore, if the policy is on a "claims made" basis, the QF's duty to provide such coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort; if coverage is on an "occurrence" basis, such insurance shall be maintained by the QF during the entire period of interconnection and performance by the Parties under this Contract. The policy shall not be canceled or materially altered without at least thirty calendar days' written notice to FPL. Coverage must be reasonably acceptable to FPL.

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12.4.4 The QF shall provide to FPL evidence of such liability insurance coverage on FPL Form 1364-23, without modification. Such form shall be attached hereto as Appendix D, INSURANCE. A copy of the policy(ies) shall be made available for inspection by FPL at the QF's offices upon reasonable advance notification.

12.4.5 FPL Entities shall be designated as an additional named insured for all policy(ies), and the policy shall be endorsed to be primary (i) to an, insurance which may be maintained by, or on behalf of, FPL Entities, and (ii) to any indemnity-related obligation(s) of either Party pursuant to Section 12.3.

#### 12.5 Renegotiations Due to Regulatory Changes.

Notwithstanding anything in this Contract to the contrary, should FPL at any time during the term of this Contract fail to obtain or be denied the FPSC's authorization, or the authorization of any other regulatory or governmental body which now has or in the future may have jurisdiction over FPL's rates and charges, to recover from its customers all of the payments required to be made to the QF under the terms of this Contract or any subsequent amendment to this Contract, the Parties agree that, at FPL's option, they shall renegotiate this Contract, or any applicable amendment. If FPL exercises such option to renegotiate, FPL shall not be required to make such payments to the extent that FPL's authorization to recover them from its customers is not obtained or is denied. FPL's exercise of its option to renegotiate shall not relieve the QF of its obligation to repay the balance in the Capacity Account. It is the intent of the Parties that FPL's payment obligations under this Contract or any amendment hereto are conditioned upon FPL being fully reimbursed for such payments through the Fuel and Purchased Power Cost Recovery Clause or other authorized rates or charges. Any amounts initially recovered by FPL from its ratepayers but for which recovery is subsequently disallowed by the FPSC and charged back to FPL may be set off or credited against subsequent payments made by FPL for purchases from the QF, or alternatively, shall be repaid by the QF.

#### 12.6 Force Majeure

Force Majeure is defined as an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of civil or military authority (including courts and governmental or administrative agencies), acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes or difficulties. Equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility, shall not be considered a Force Majeure.

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

12.6.2 In the event of any delay or nonperformance resulting from Force Majeure, the Party suffering an occurrence of Force Majeure shall promptly notify the other in writing of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any date(s) may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires.

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

12.6.4 If the QF suffers an occurrence of Force Majeure that reduces the generating capability of the Facility below the committed capacity, the QF may, upon notice to FPL, temporarily adjust the committed capacity as provided in Sections 12.6.4.1 and 12.6.4.2. Such adjustment shall be effective the first calendar day immediately following FPL's receipt of the notice or such later date as may be specified by the QF. Furthermore, such adjustment shall be the minimum amount necessitated by Force Majeure.

12.6.4.1 If the Facility is rendered completely inoperative as a result of Force Majeure, the QF shall temporarily set the committed capacity equal to 0 MW until such time as the Facility can partially or fully operate at the committed capacity that existed prior to the Force Majeure. If the committed capacity is 0 MW, no capacity payments will be made.

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

12.6.4.3 Upon the conclusion of the cure for Force Majeure, the committed capacity shall be equal to the committed capacity that existed immediately prior to the Force Majeure.

12.6.5 All Monthly Capacity Payments that cover changes in the committed capacity as a result of Force Majeure shall be adjusted pro rata to reflect the changes in the committed capacity.

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

12.7 Project Management

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

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

12.8 Assignment

The QF shall have the right to assign its benefits under this Contract, but the QF shall not have the right to assign its obligations and duties without FPL's prior written approval, which shall not be unreasonably withheld or delayed.

12.9 Disclaimers

In executing this Contract, FPL 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 QF or any assignee of this Contract.

12.10 Notifications

All formal notices affecting the provisions of this Contract shall be delivered in person or sent by registered or certified mail to the parties designated below. The Parties designate the following individuals to be notified or to whom payment shall be sent until such time as either Party furnished the other Party written instructions to contact another individual.

For the QF:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

For FPL:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Continued on Sheet No. 9,858)

(Continued from Sheet No. 9.857)

12.11 Applicable Law.

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

12.12 Taxation.

In the event that FPL becomes liable for additional taxes, assessments or impositions arising out of either FPL's making early, levelized or early levelized capacity payments to the QF, or changes in laws affecting FPL's purchases of energy and capacity from the QF occurring after the execution of this Contract and for which FPL would not have been liable if it had produced the energy and/or constructed the Facility itself, FPL may bill QF monthly for such additional expenses or may offset them against amounts due the QF hereunder.

12.13 Severability.

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

12.14 Complete Agreement and Amendments.

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

12.15 Survival of Contract.

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

IN WITNESS WHEREOF, the QF and FPL executed this Contract this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

WITNESS

\_\_\_\_\_

FLORIDA POWER & LIGHT COMPANY

\_\_\_\_\_

Date: \_\_\_\_\_

WITNESS:

\_\_\_\_\_

\_\_\_\_\_ (QF)

\_\_\_\_\_

Date: \_\_\_\_\_



**APPENDIX C  
STANDARD OFFER CONTRACT  
FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM A QUALIFYING FACILITY  
LESS THAN 75 MEGAWATTS OR A SOLID WASTE FACILITY**

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:
- A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 60%, then no Monthly Capacity Payment shall be due. That is:

$$\text{MCP} = 0$$

- B. In the event that the ACBF is equal to or between 60% and 87%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$\text{MCP} = \text{BCP} \times [0.02 \times (\text{ACBF} - 37)] \times \text{CC}$$

- C. In the event that the ACBF is greater than 87%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$\text{MCP} = \text{BCP} \times \text{CC}$$

Where:

MCP = Monthly Capacity Payment in dollars.

BCP = Base Capacity Payment in \$/MW/Month as specified in COG-2.

CC = Committed Capacity in MW.

ACBF = The Annual Capacity Billing Factor. This factor is calculated using the 12 month, rolling average of the Monthly Capacity Billing Factor. This 12 month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Billing Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Billing Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Billing Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor.

MCBF = The Monthly Capacity Billing Factor. The MCBF shall be calculated from the following formula:

$$\text{MCBF} = \text{MCF} + (\text{PCF}/2) - 43.5$$

Where:

MCF = Monthly Capacity Factor. The total energy during the Monthly Billing Period for which the calculation is made, plus the sum of the MWh of energy that could have been produced by the Committed Capacity during periods that FPL did not accept energy for delivery or receive energy pursuant to the provisions of Sections 6.45 and/or 6.46, divided by the product of (a) the Committed

(Continued on Sheet No. 9.860)

(Continued from Sheet No. 9.859)

Capacity during the Monthly Billing Period and (b) the sum of the hours during the Monthly Billing Period. For purposes of calculating the Monthly Capacity Factor, hourly energy deliveries shall not exceed those which could be produced by the Committed Capacity. For purposes of calculating MCBF, the Monthly Capacity Factor cannot exceed 87%.

- PCF = The Annual Peak Capacity Factor. The Annual Capacity Factor during On-Peak Hours calculated on a 12 month rolling average basis. This rolling average is calculated in a manner similar to that defined in the definition of the Annual Capacity Billing Factor.
- On-Peak Hours = Those hours occurring April 1 through October 31, from noon to 9:00 p.m., and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time. FPL shall have the right to change such On Peak Hours by providing QF a minimum of thirty calendar days' advance written notice.
- Monthly Billing Period = the period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the commercial operation date and ending with the last calendar day of such month.

**STANDARD OFFER CONTRACT FOR THE PURCHASE OF  
FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY  
LESS THAN 75 MW OR A SOLID WASTE FACILITY**

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between \_\_\_\_\_, (hereinafter referred to as "QF"), and Florida Power & Light Company, (hereinafter referred to as "FPL") or the "Company"; a private utility corporation organized under the laws of the State of Florida. The QF and FPL shall be collectively be referred to identified herein as the "Parties".

**WITNESSETH:**

WHEREAS, QF desires to sell, and FPL desires to purchase electricity to be generated by the QF consistent with Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17.087 of Order No. 23623, Docket No. 900004 891049-EU; and

~~WHEREAS, QF has signed an Interconnection Agreement with the utility in whose service territory the QF's generating facility is located, attached hereto as Appendix A; and~~

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

WHEREAS, the FPSC has approved this following Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility; Less Than 75 Megawatts or a Solid Waste Facility ("Contract");

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

**1. Facility Qualifying Status**

The QF contemplates installing and operating a \_\_\_\_\_ KVA \_\_\_\_\_ generator located at \_\_\_\_\_ (hereinafter called the "Facility"). The generator is designed to produce a maximum of \_\_\_\_\_ kilowatts (kW) of electric power at an 85% lagging to 85% leading power factor, such equipment being hereinafter referred to as "Facility."

The Facility has been certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"). The QF shall maintain the "qualifying" status of the Facility throughout the term of this Contract.

**2. Term of the Agreement Contract**

Except as otherwise provided herein (e.g. Sections 7, 8, 9, 11, 12.3, 12.4), This Agreement Contract shall begin immediately upon its execution by the parties and shall end at 12:01 a.m., \_\_\_\_\_, 20\_\_\_\_\_.

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

**3. Minimum Specifications**

As required by FPSC Rule 25-17.0832 (3) (e), below are the minimum specifications pertaining to this Contract:

1. Avoided unit(s) on which this Contract is based: 125 MW constituting the first stage of a 1998 907 MW Integrated Gasifier Combined Cycle generating unit.
2. Total committed capacity needed to fully subscribe the avoided unit (MW): 125 MW
3. Expiration date: December 31, 1992

4. Date by which firm capacity and energy deliveries from the QF to FPL shall commence: January 1, 1997, unless early capacity payments are received.
5. Period of time over which firm capacity and energy shall be delivered from the QF to FPL. (minimum of ten years, maximum of thirty years from January 1, 1997).
6. Minimum performance standards for the delivery of firm capacity and energy by the QF.

	<u>On Peak *</u>	<u>Off Peak</u>
<u>Availability</u>	<u>87 %</u>	<u>87 %</u>
<u>Capacity Factor</u>	<u>87 %</u>	

\* On Peak hours as defined in Appendix C.

34. Sale of Electricity by the QF

4.1 Purchase by FPL

Consistent with the terms hereof, FPL agrees to purchase all of the electric power generated at by the Facility and transmitted delivered to FPL by QF. The purchase and sale of electricity pursuant to this Agreement Contract shall be construed as a ( ) net billing arrangement or ( ) simultaneous purchase and sale arrangement. The billing methodology may be changed at the option of the QF, subject to the following provisions of Rate Schedule COG-2,

- (a) not more frequently than once every twelve months;
- (b) to coincide with the next Fuel and Purchased Power Cost Recovery Factor billing period;
- (c) upon at least thirty days advance written notice to the Company;
- (d) upon the installation of any additional metering equipment reasonably required to effect the change in billing and upon payment by the QF for such metering equipment and its installation;
- (e) upon completion and approval of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the QF for such alterations; and
- (f) where the election to change billing methods will not contravene the provisions of the tariff under which the Facility receives electric service, or any previously agreed upon contractual provision between the QF and the Company.

45. Payment for Electricity Produced by the Facility

45.1 Energy

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

Prior to January 1, 1996, the QF will receive energy payments based on FPL's actual avoided energy costs. After January 1, 1996, the QF's energy payments will be based on the lesser of FPL's actual avoided fuel costs or the fuel cost of the statewide FPL's Avoided Unit as defined identified in Rate Schedule COG-2, such comparison to be made hourly.

45.2 Capacity

45.2.1 Capacity Payment

FPL agrees to pay the QF for the capacity described in Paragraph 45.2.2 in accordance with the rates and procedures contained in Rate Schedule COG-2, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option \_\_\_\_\_ of Rate Schedule COG-2. Once so selected, this option cannot be changed for the life of the this Contract.

45.2.2 Committed Capacity

It is the intent of the QF to sell \_\_\_\_\_ kW of eCommitted eCapacity, beginning on \_\_\_\_\_, 19\_\_\_\_. The QF shall have the one-time option of finalizing its eCommitted eCapacity after initial Facility testing, and specifying when capacity payments are to begin.

Such option shall be exercised by providing formal written notice, in accordance with Paragraph 0.312.10, informing FPL of the beginning date above, and of any change adjustment in the eCommitted eCapacity for small discrepancies between anticipated and actual capacity after Facility testing, and beginning date above. In the event such notice is not received by FPL prior to the commercial in-service date of the Facility or January 1, 19947, whichever occurs first, the eCommitted eCapacity specified in this Paragraph Section shall be considered as the QF's committed capacity.

### 5.3 Payments

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

### 4. Electricity Production Schedule

During the term of this Agreement, QF agrees to:

- (a) Provide FPL, prior to October 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, including the time, duration and magnitude of any planned outages or reductions in capacity;
- (b) Promptly update the yearly generation schedule and maintenance schedule as and when any changes may be determined necessary;
- (c) Coordinate its scheduled Facility outages with FPL; and
- (d) Comply with reasonable requirements of FPL regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement.

### 6. Electricity Production and Plant Maintenance Schedule

6.1 During the term of this Contract, the QF shall submit to FPL in writing by April 1 of each calendar year an estimate of the amount of electricity to be generated by the Facility and delivered to FPL for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in capacity.

6.2 By October 31 of each calendar year, FPL shall notify the QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL cannot accept any of the requested scheduled maintenance periods, FPL shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. QF shall only schedule outages during periods approved by FPL, and such approval shall not be unreasonably withheld. Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such event is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed.

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

### 6.4 Dispatch and Control

6.4.1 Power supplied by the QF hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of 600 volts ( kV) and power factor dispatchable and controllable in the range of 85% lagging to 85% leading as measured at the interconnection point to maintain system operating parameters, as specified by FPL.

6.4.2 The QF shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPL's system, except for normal testing and repair in accordance with good engineering and operating practices as agreed by the Parties. The QF shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal testing and repair. The QF shall have qualified personnel test and calibrate all protective equipment at regular intervals in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's

turbine, generator or boilers and results provided to FPL prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices as agreed by the Parties.

6.4.3 If the Facility is separated from the FPL system for any reason, under no circumstances shall the QF reclose into FPL's system without first obtaining FPL's specific approval.

6.4.4 During the term of this Contract, the QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPL. The QF shall ensure that operating personnel are on duty at all times, twenty-four hours a calendar day and seven calendar days a week. Additionally, during the term of this Contract, the QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder.

6.4.5 FPL shall not be obligated to purchase, and may require curtailed or reduced deliveries of, energy to the extent necessary to maintain the reliability and integrity of any part of FPL's system, or if FPL determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to FPL's customers. FPL shall give the QF prior notice, if practicable, of its intent to refuse, curtail or reduce FPL's acceptance of energy pursuant to this Section and will act to minimize the frequency and duration of such occurrences.

6.4.6 FPL shall not be required to accept or purchase energy during any period in which, due to operational circumstances, acceptance or purchase of such energy would result in FPL's incurring costs greater than those which it would incur by generating an equal additional amount of energy with its own resources. An example of such an occurrence would be a period during which the load being served is such that the generating units on line are base load units operating at their minimum continuous ratings and the purchase of additional energy would require taking a base load unit off the line and replacing the remaining load served by that unit with peaking-type generation. FPL shall give the QF as much prior notice as practicable of its intent not to accept energy pursuant to this Section.

#### 6. QF's Obligation If QF Receives Early Capacity Payments

The QF's payment option choice pursuant to paragraph 4.2.1 may result in payment by FPL for capacity delivered prior to January 1, 1997. The Parties recognize that capacity payments paid through December 31, 1996, are in the nature of "early payment" for a future capacity benefit to FPL. To ensure that FPL will receive a capacity benefit for which early capacity payments have been made, or alternatively, that the QF will repay the amount of early payments received to the extent the capacity benefit has not been conferred the following provisions will apply:

FPL shall establish a Capacity Account. Amounts shall be credited to the Capacity Account each month through December, 1996, in the amount of FPL's capacity payments made to the QF pursuant to QF's chosen payment option from Rate Schedule COG-2. The monthly balance in the Capacity Account shall accrue interest at an annual rate of 10.5%. Commencing on January 1, 1997, there shall be debited from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which FPL would have paid for capacity in that month, if capacity payment had been calculated pursuant to Option A in Rate Schedule COG-2 and the QF had elected to begin receiving payment on January 1, 1997, minus the monthly capacity payment FPL makes to QF pursuant to the capacity payment option chosen by QF in paragraph 4.2.1.

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

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

## 7. Completion Security

7.1 The QF shall provide FPL either (i) unconditional, irrevocable direct pay letter(s) of credit issued by bank(s) acceptable to FPL in form and substance acceptable to FPL (including, but not limited to, a provision for automatic renewals through \_\_\_\_\_, 199 and sixty days' prior written notice by the issuing bank(s) to FPL of the issuing bank(s) intention not to renew the letter(s) of credit, and a provision that, upon receipt of such notice, FPL may draw upon the letter(s) of credit in full or (ii) cash. Such letters of credit or cash shall be in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (\$20 per kW) to assure completion of the Facility by January 1, 1997, and shall be provided or paid to FPL within ninety days of the execution of the Contract.

7.2 Within twenty-four months from the date of execution of this Contract, the QF shall notify FPL of any revision to the Facility's anticipated commercial operation date, based on the QF's knowledge at such time, if such date is expected to occur after January 1, 1997.

7.3 If the commercial operation date does not occur on or before January 1, 1997, then, commencing on such date, and continuing the first calendar day of each calendar month for five calendar months or until the commercial operation date, FPL shall retain 20% per calendar month (or portion thereof) of such completion security, or shall be entitled to draw on the letter(s) of credit for such percentage per calendar month. The Parties acknowledge that the injury which FPL will suffer as a result of delayed availability of committed capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the commercial operation date occurs prior to June 1, 1997, then the QF shall be entitled to a refund of any remaining completion security.

## 8. Performance Security

In order to assure that the QF delivers firm capacity and energy in the amounts and at the times specified in this Contract, FPL shall require an up-front payment or surety bond in the amount of \$20 per kilowatt of committed capacity, or an equivalent assurance of payment, to protect FPL's ratepayers from the QF's failure to so deliver firm capacity and energy. The specific security for the QF's performance selected for purposes of this Contract is: \_\_\_\_\_. Such payment, surety or equivalent assurance shall be refunded or released, as applicable, upon demonstration, to FPL's reasonable satisfaction, over a six-month period following commercial operation, that the Facility can deliver the amounts of capacity and energy specified in this Contract. Absent such timely demonstration, the up-front payment, or the amount secured by the surety bond or equivalent assurance payment, shall be forfeited to FPL to help defray the costs of replacement power.

## 9. QF's Obligation if the QF Receives Early, Levelized, or Early Levelized Capacity Payments

The QF's payment choice pursuant to paragraph 5.2.1 may result in annual payments from FPL to the QF which exceed the payments which would have been received under the normal payment stream as described in Option A of Rate Schedule COG-2. The Parties recognize that either capacity payments paid prior to December 31, 1996, or levelized capacity payments which are initially in excess of the value of deferral of FPL's Avoided Unit are in the nature of "prepayment" for a future capacity deferral benefit to FPL. To ensure that FPL will receive the capacity deferral benefit for which early and levelized capacity payments have been made or, alternatively, that, in the event of default or termination of this Contract, the QF will repay the amount of these "prepayments" received to the extent the capacity benefit has not been conferred, the following provisions will apply:

FPL shall establish a Capacity Account which will be used to accrue payments that are in excess of payments which would have been received under Option A from Rate Schedule COG-2. On a monthly basis, FPL will calculate the difference between the amount of FPL's capacity payments made to the QF pursuant to the QF's chosen payment option from Rate Schedule COG-2 and the amount of the capacity payment which would have been made to the QF under Option A from Rate Schedule COG-2, after adjusting both of these amounts using the Capacity Factor Adjustment in Appendix C. The Capacity Account will be debited to the extent that this difference is positive. The Capacity Account will be credited to the extent that this difference is negative. The net monthly balance in the Capacity Account shall accrue interest at an annual rate equal to FPL's incremental after-tax cost of capital as defined in the Rate Schedule COG-2. The accrued interest will be debited on a monthly basis to the Capital

## Account.

The QF shall owe FPL and be liable for the net debit balance in the Capacity Account, which signifies a net prepayment for a future capacity deferral benefit. At no time shall FPL be liable to the QF for a net credit balance in the Capacity Account. FPL agrees to notify the QF monthly as to the current Capacity Account balance. Twenty (20) days prior to receipt of advance or levelized capacity payments under Options B, C or D from Rate Schedule COG-2, the QF shall execute a promise to repay any debit balance in the Capacity Account in the event that the QF defaults under this Contract. Such promise shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091) by a letter of credit, surety bond, or equivalent means of repayment in accordance with the provisions of Rate Schedule COG-2. The specific repayment assurance selected for purposes of this Contract is:

The total Capacity Account shall immediately become due and payable by the QF in the Event of Default by the QF. The QF's obligation to pay the debit balance in the Capacity Account shall survive termination of this Contract.

### 7. Non-Performance Provisions

QF shall not receive a capacity payment during any month in which the twelve-month rolling average of the QF's capacity factor does not equal or exceed 70% as defined in Rate Schedule COG-2. In addition, if for any month after January 1, 1996, the QF fails to achieve a 70% capacity factor on a 12-month rolling average basis and the QF has received capacity payments prior to January 1, 1996, the QF shall be liable for and shall pay FPL an amount equal to the Early Payment Offset Amount for the month; provided, however, that such calculation shall assume that the QF achieved a 70% capacity factor. Any payments thus required of QF shall be separately invoiced by FPL to QF after each month for which such repayment is due and shall be paid by QF within 30 days after receipt of such invoice by QF. Such repayment shall be debited from the Capacity Account as an Early Payment Offset Amount.

In no event shall the QF repay to FPL for non-performance any amounts which exceed the current credit balance in the Capacity Account.

### 18. Performance Factor

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

### 8. Default

Should any one of the following conditions exist, FPL shall have the right to declare the QF in default under this Agreement.

- (a) The QF ceases all electric generation for 12 consecutive months.
- (b) After January 1, 1996, the QF fails to maintain a 70% capacity factor on a twelve-month rolling average basis for 24 consecutive months.
- (c) The QF ceases the conduct of active business; or if proceedings under the Federal Bankruptcy Act or insolvency laws shall be instituted by or for or against QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF shall be attached, levied upon, encumbered, pledged, seized, or taken under any judicial process and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QF shall take an assignment for the benefit of creditors; or admit in writing its inability to pay its debts as they become due.
- (d) The QF fails to give proper assurance of adequate performance as specified under this Agreement within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance.
- (e) The QF materially fails to perform as specified under this Agreement.

Once this contract is declared to be in default, upon written notice to the QF the then current balance in the Capacity Account shall be paid to FPL.

### 11. Default



Notwithstanding the occurrence of any Force Majeure as described in Section 12.6, each of the following shall constitute an Event of

Default:

- (a) The QF fails to maintain the "qualifying" status of the Facility pursuant to FERC Regulations.
- (b) After the commercial operation date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described on Appendix C, of at least 60%; provided, however, such period shall be extended to eighteen consecutive months if (i) the QF determines that major equipment, including, but not limited to, the boiler and the turbine generator, needs replacement, (ii) within 60 days of failure, the QF provides to FPL, in writing, proof that such major equipment does need replacing, (iii) FPL concurs in such determination, and (iv) such major equipment is actually replaced;
- (c) After the commercial operation date, the Facility fails for any twenty-four consecutive months to maintain an Annual Billing Capacity Factor of at least 60%;
- (d) The QF ceases the conduct of active business; or if proceedings under the Federal Bankruptcy Act or insolvency law shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;
- (e) The QF fails to give proper assurance of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance; or
- (f) The QF materially fails to perform as specified under this Contract, including the QF's obligation under Sections 6, 7, 8, 9, and 12.

12. General Provisions

12.1 Project Viability - The QF shall provide the following documents indicating project viability, to the extent that they apply to the type of Facility covered by this Contract. These documents shall be provided at the time this Contract is presented to FPL:

- a) Articles of incorporation or partnership agreement and most recent annual report of the QF;
- b) A description of the experience and capabilities of the principals proposing the QF;
- c) Letters of intent involving project financing, fuel supply, and/or architect/engineers;
- d) Evidence of ownership or options to purchase or lease real property for the Facility site;
- e) Prospectus for securities or bond offerings;
- f) Contract with a municipality indicating that the QF has been selected as architect/engineer/operator;
- g) A description of the proposed Facility and its technology;
- h) Technical and environmental data related to the performance of comparable facilities and technologies;
- i) Feasibility studies and any other technical, economic and/or environmental information which may reasonably assist FPL to determine that the QF is financially and technically viable, and that the Facility will be constructed and operated as proposed.

12.2 Permits

The QF hereby agrees to seek to obtain any and all governmental permits, certifications, or other authority which the QF is required to obtain as a prerequisite to engaging in the activities provided for specified in this Agreement Contract. FPL hereby agrees to seek to obtain any and all governmental permits, certifications or other authority which FPL is required to obtain as a prerequisite to engaging in the activities provided for specified in this Agreement Contract.

12.3 Indemnification - QF agrees to indemnify and save harmless FPL, its subsidiaries, and their respective employees, officers, and directors against any and all liability, loss, damage, costs or expense which FPL, its subsidiaries, and their respective employees, officers and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of QF in performing its obligations pursuant to this Agreement or QF's failure to abide by the provision of this Agreement. FPL agrees to indemnify and save harmless QF against any and all liability, loss, damage, cost or expense which QF may hereafter incur, suffer, or be required to pay by reason of negligence on the part of FPL in performing its obligations pursuant to this Agreement or FPL's failure to abide by the provisions of this Agreement. QF agrees to include FPL as an additional insured in any liability insurance policy or policies QF obtains to protect QF's interests with respect to QF's indemnity and hold harmless assurances to FPL contained in this Section.

12.3 Indemnification

FPL and the QF shall each be responsible for its own facilities. FPL and the QF shall each be responsible for ensuring adequate safeguards for other FPL customers, FPL and the QF personnel and equipment, and for the protection of its own generating system. FPL and the

QF shall each indemnify and save the other, the other's parent, subsidiaries and each of their respective officers, directors, employees, agents and contractors (hereinafter called, respectively, "FPL Entities" and "QF Entities") harmless from any and all claims, demands, costs or expenses for loss, damage or injury to persons or property of the other caused by, arising out of, or resulting from:

(a) Any act or omission by a Party or that Party's contractors, agents, servants and employees in connection with the installation or operation thereof in connection with the other Party's system;

(b) Any defect in, failure of, or fault related to, a Party's generation system;

(c) The negligence of a Party or negligence of that Party's Entities (as above defined); or

(d) Any other event or act that is the result of, or proximately caused by, that Party's Entities.

#### 12.4. Insurance

12.4.1. The QF shall procure or cause to be procured a policy of liability insurance issued by an insurer satisfactory to FPL, on a standard "Insurance Services Office" commercial general liability form. Said policy shall cover liabilities which might arise under, or in the performance or nonperformance of, this Contract and the Parties' (interconnection)(transmission service) agreement dated \_\_\_\_\_. An FPL certificate of insurance shall be delivered to FPL, at least fifteen calendar days prior to the start of any interconnection work. At a minimum, said policy shall contain (i) an endorsement providing coverage, including, but not limited to, products liability/completed operations coverage for the term of this Contract, and (ii) a broad form contractual liability endorsement for FPL Entities and QF Entities. Effective at least fifteen calendar days prior to the synchronization of the Facility with FPL's system, the policy shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards.

12.4.2. The policy in Section 12.4.1 shall have a minimum limit of \$300,000, per occurrence, combined single limit, for bodily injury (including death) or property damage. A higher limit of insurance shall be provided if required by FPL. Provided, however, in the event that such insurance becomes totally unavailable or procurement becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but FPL and the QF shall enter into negotiations to develop substitute protection for FPL Entities which FPL, in its reasonable judgment, deems adequate. Any premium assessment or deductible shall be for the account of the QF and not FPL Entities.

12.4.3. In the event that the policy is on a "claims made" basis, the retroactive date of the policy shall be the effective date of this Contract or such other date as to protect the interests of FPL Entities and QF Entities. Furthermore, if the policy is on a "claims made" basis, the QF's duty to provide such coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort; if coverage is on an "occurrence" basis, such insurance shall be maintained by the QF during the entire period of interconnection and performance by the Parties under this Contract. The policy shall not be canceled or materially altered without at least thirty calendar days' written notice to FPL. Coverage must be reasonably acceptable to FPL.

12.4.4. The QF shall provide to FPL evidence of such liability insurance coverage on FPL Form 1364-23, without modification. Such form shall be attached hereto as Appendix D, INSURANCE. A copy of the policy(ies) shall be made available for inspection by FPL at the QF's offices upon reasonable advance notification.

12.4.5. FPL Entities shall be designated as an additional named insured for all policy(ies), and the policy shall be endorsed to be primary (i) to any insurance which may be maintained by, or on behalf of, FPL Entities, and (ii) to any indemnity-related obligation(s) of either Party pursuant to Section 12.3.

#### 12.5. Renegotiations Due to Regulatory Changes.

Notwithstanding Anything in this Agreement Contract to the contrary notwithstanding, should FPL at any time during the term of this Agreement Contract fail to obtain or be denied the FPSC's authorization, or the authorization of any other regulatory or governmental body which now has or in the future may have jurisdiction over FPL's rates and charges, to recover from its customers all of the payments required to be made to the QF under the terms of this Agreement Contract or any subsequent amendment to this Agreement Contract, the Parties agree that, at FPL's option, they shall renegotiate this Agreement Contract, or any applicable amendment. If FPL exercises such option to renegotiate, FPL shall not thereafter be required to make such payments to the extent that FPL's authorization to recover them from its customers is not obtained or is denied. FPL's exercise of its option to renegotiate shall not relieve the QF of its obligation to repay the balance in the Capacity Account. It is the intent of the Parties that FPL's payment obligations under this Agreement Contract or any amendment hereto are conditioned upon FPL being fully reimbursed for such payments through the Fuel and Purchased Power Cost Recovery Clause or other authorized rates or charges. Any amounts initially recovered by FPL from its ratepayers but for which recovery is subsequently disallowed by the FPSC and charged back to FPL may be set off or credited against subsequent payments made by FPL for purchases from the QF, or alternatively, shall be repaid by the QF.

12.5 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 causes not within the reasonable control of the Party affected, including but not limited to acts of God, strikes, lockouts or other industrial disturbances, war, blockades, insurrections, riots, arrests and restraints of rulers 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. QF agrees to pay the costs necessary to reactivate the Facility and/or the interconnection with FPL's system if the same are rendered inoperable due to actions of QF, its agents, or force majeure events affecting the Facility or the interconnection with FPL. FPL agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by FPL or its agents.

### 12.6 Force Majeure.

Force Majeure is defined as an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of civil or military authority (including courts and governmental or administrative agencies), acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes or difficulties. Equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility, shall not be considered a Force Majeure.

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

12.6.2 In the event of any delay or nonperformance resulting from Force Majeure, the Party suffering an occurrence of Force Majeure shall promptly notify the other in writing of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any date(s) may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires.

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

12.6.4 If the QF suffers an occurrence of Force Majeure that reduces the generating capability of the Facility below the committed capacity, the QF may, upon notice to FPL, temporarily adjust the committed capacity as provided in Sections 12.6.4.1 and 12.6.4.2. Such adjustment shall be effective the first calendar day immediately following FPL's receipt of the notice or such later date as may be specified by the QF. Furthermore, such adjustment shall be the minimum amount necessitated by Force Majeure.

12.6.4.1 If the Facility is rendered completely inoperative as a result of Force Majeure, the QF shall temporarily set the committed capacity equal to 0 MW until such time as the Facility can partially or fully operate at the committed capacity that existed prior to the Force Majeure. If the committed capacity is 0 MW, no capacity payment will be made.

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

12.6.4.3 Upon the conclusion of the cure for Force Majeure, the committed capacity shall be equal to the committed capacity that existed immediately prior to the Force Majeure.

12.6.5 All Monthly Capacity Payments that cover changes in the committed capacity as a result of Force Majeure shall be adjusted pro rata to reflect the changes in the committed capacity.

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

**12.7 Project Management**

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

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

**12.7.3 Assignment**

The QF shall have the right to assign its benefits under this Agreement Contract, but the QF shall not have the right to assign its obligations and duties without FPL's prior written approval, which shall not be unreasonably withheld or delayed.

**12.7.4 Disclaimer**

In executing this Agreement Contract, FPL 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 QF or any assignee of this Agreement Contract.

**12.7.5 Notification**

All formal notices affecting the provisions of this Agreement Contract shall be delivered in person or sent by registered or certified mail to the parties designated below. The parties designate the following individuals to be notified or to whom payment shall be sent until such time as either party furnished the other party written instructions to contact another individual.

For the QF:

For FPL:

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

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

**12.8 Applicable Law**

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

**12.9 Taxation**

In the event that FPL becomes liable for additional taxes, assessments or impositions arising out of either FPL's making early, leveled or early leveled capacity payments to the QF, or changes in laws affecting FPL's purchases of energy and capacity from the QF occurring after the execution of this Contract and for which FPL would not have been liable if it had produced the energy and/or constructed the Facility itself, FPL may bill QF monthly for such additional expenses or may offset them against amounts due the QF hereunder.

**12.10 Severability**

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

**12.11 Consistent Agreement and Amendments**

All previous communications or agreements between the Parties, whether verbal or written, with reference to this subject matter of this

Agreement Contract are hereby abrogated. No amendment or modification to this Agreement Contract shall be binding unless it shall be set forth in writing and duly executed by both Parties to this Agreement.

**A.11 Incorporation of Rate Schedule**

The Parties agree that this Agreement shall be subject to all of the provisions contained in FPL's published Rate Schedule COG-3 as approved and on file with the FPSC. The Rate Schedule is incorporated herein by reference.

**A.13.1.15 Survival of Agreement Contract**

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

IN WITNESS WHEREOF, the QF, and FPL executed this Agreement Contract this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

WITNESS

FLORIDA POWER & LIGHT COMPANY (FPL)

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

WITNESS:

\_\_\_\_\_ (QF)

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX C**  
**STANDARD OFFER CONTRACT**  
**FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY**  
**FROM A QUALIFYING FACILITY**  
**LESS THAN 75 MEGAWATTS OR A SOLID WASTE FACILITY**

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

**A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 60%, then no Monthly Capacity Payment shall be due. That is:**

$$\text{MCP} = 0$$

**B. In the event that the ACBF is equal to or between 60% and 87%, then the Monthly Capacity Payment shall be calculated by using the following formula:**

$$\text{MCP} = \text{BCP} \times [1.02 \times (\text{ACBF} - 37)] \times \text{CC}$$

**C. In the event that the ACBF is greater than 87%, then the Monthly Capacity Payment shall be calculated by using the following formula:**

$$\text{MCP} = \text{BCP} \times \text{CC}$$

**Where:**

**MCP = Monthly Capacity Payment in dollars.**

**BCP = Base Capacity Payment in \$/MW/Month as specified in COG-2.**

**CC = Committed Capacity in MW.**

**ACBF = The Annual Capacity Billing Factor. This factor is calculated using the 12 month, rolling average of the Monthly Capacity Billing Factor. This 12 month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Billing Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Billing Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Billing Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor.**

**MCBF = The Monthly Capacity Billing Factor. The MCBF shall be calculated from the following formula:**

$$\text{MCBF} = \text{MCF} + (\text{PCF}/2) - 43.5$$

**Where:**

**MCF = Monthly Capacity Factor. The total energy during the Monthly Billing Period for which the calculation is made, plus the sum of the MWh of energy that could have been produced by the Committed Capacity during periods that FPL did not accept energy for delivery or receive energy pursuant to the provisions of Sections 6.45 and/or 6.46, divided by the product of (a) the Committed**

Capacity during the Monthly Billing Period and (b) the sum of the hours during the Monthly Billing Period. For purposes of calculating the Monthly Capacity Factor, hourly energy deliveries shall not exceed those which could be produced by the Committed Capacity. For purposes of calculating MCBF, the Monthly Capacity Factor cannot exceed 87%.

- PCF** = The Annual Peak Capacity Factor. The Annual Capacity Factor during On-Peak Hours calculated on a 12 month rolling average basis. This rolling average is calculated in a manner similar to that defined in the definition of the Annual Capacity Billing Factor.
- On-Peak Hours** = Those hours occurring April 1 through October 31, from noon to 9:00 p.m., and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time. FPL shall have the right to change such On Peak Hours by providing OF a minimum of thirty calendar days' advance written notice.
- Monthly Billing Period** = the period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the commercial operation date and ending with the last calendar day of such month.

# **ATTACHMENT III**



**STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY  
FROM QUALIFYING COGENERATION AND  
SMALL POWER PRODUCTION FACILITIES  
(QUALIFYING FACILITIES)**

**SCHEDULE**

COG-1, As-Available Energy

**AVAILABLE**

Entire Service Area. The Company will purchase energy offered by any Qualifying Facility located within the State of Florida under the provisions of this schedule or at contract negotiated rates as approved by the Florida Public Service Commission.

**APPLICABLE**

To any cogeneration or small power production Qualifying Facility located within the State of Florida producing energy for sale to the Company on an As-Available basis. As-Available Energy is described by Florida Public Service Commission (FPSC) Rule 25-17.0825, F.A.C. and is energy produced and sold by a Qualifying Facility on an hour-by-hour basis for which contractual commitments as to the time, quantity, or reliability of delivery are not required.

**CHARACTER OF SERVICE**

Purchase shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage.

**LIMITATION:**

All service pursuant to this schedule is subject to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

**RATE FOR PURCHASES BY THE COMPANY****A. Capacity Rates**

Capacity payments to Qualifying Facilities will not be paid under this Rate Schedule. Capacity payments to Qualifying Facilities may be obtained under Rate Schedule COG-2, Firm Capacity and Energy.

**B. Energy Rates**

As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour, based on the Company's actual hourly avoided energy costs, before the sale of interchange energy, which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Customer charges directly attributable to the purchase of As-Available Energy from the Qualifying Facility are deducted from the Qualifying Facility's total monthly energy payment.

Avoided energy costs shall be all costs which the Company avoided due to the purchase of as-available energy, including incremental fuel, identifiable variable operating and maintenance expense and identifiable variable utility power purchases. Company administrative costs required to calculate avoided energy cost shall be deducted from avoided energy payments. The calculation of the Company's avoided energy cost reflects the delivery of energy from the region of the Company in which the Qualifying Facility is located. Energy payments to Qualifying Facilities located outside the Company's service area shall reflect the region in which the interchange point for the delivery of energy is located. All sales shall be adjusted for losses from the point of metering to the point of interconnection. Appendix A provides a description methodology to be used in the calculation of avoided energy cost.

**C. Negotiated Rates**

Upon agreement by both the Company and the Qualifying Facility, an alternate contract rate for the purchase of As-Available Energy may be separately negotiated.

(Continued on Sheet No. 10.101)

(Continued from Sheet No. 10.100)

**ESTIMATED AS-AVAILABLE AVOIDED ENERGY COST**

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. In addition, avoided energy cost payments will include .008 ¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/kWh	Off-Peak ¢/kWh	Average ¢/kWh
October 1, 1990 - March 31, 1991	2.99	2.32	2.48
April 1, 1991 - September 30, 1991	3.28	2.76	2.90
October 1, 1991 - March 31, 1992	3.37	2.48	2.69
April 1, 1992 - September 30, 1992	3.96	2.97	3.23

A MW block size ranging from 29 MW to 373.6 MW has been used to calculate the estimated avoided energy cost.

**DELIVERY VOLTAGE ADJUSTMENT**

The Company's actual hourly avoided energy costs shall be adjusted according to the delivery voltage by the following multipliers:

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0157
Secondary Voltage Delivery	1.0307

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

**PROJECTED ANNUAL GENERATION MIX AND FUEL PRICES**

Year	Generation by Fuel Type (%)					Price by Fuel Type (\$/MMBTU)			
	Nuclear	Oil	Gas	Coal	Purchased Power	Nuclear	Oil	Gas	Coal
1990	23.1	23.5	17.5	2.9	33.0	.51	3.89	3.46	1.31
1991	18.7	11.5	17.0	4.1	48.7	.51	3.47	3.35	1.52
1992	27.0	7.5	17.0	3.4	45.0	.53	3.51	3.40	1.71
1993	25.4	9.8	19.1	5.0	40.6	.60	3.94	3.81	1.89
1994	25.3	13.3	19.8	6.9	34.6	.58	4.54	4.38	2.14
1995	26.3	14.7	19.9	7.2	31.8	.56	5.16	4.94	2.41
1996	24.5	14.8	20.0	7.9	32.8	.53	5.78	5.69	2.51
1997	24.1	16.3	19.9	7.8	31.8	.51	6.44	6.28	2.62
1998	25.9	10.3	19.1	15.1	29.6	.51	6.99	6.85	2.65
1999	21.8	14.1	18.9	15.0	30.2	.53	7.64	7.30	2.77

NOTE: The Company's forecasts are for illustrative purposes, and are subject to frequent revision.

(Continued on Sheet No. 10.102)

(Continued from Sheet No. 10.101)

**METERING REQUIREMENTS**

The Qualifying Facility shall be required to purchase from the Company the metering equipment necessary to measure its energy deliveries to the Company.

Hourly recording meters shall be required for Qualifying Facilities with an installed capacity of 100 kilowatts or more. Where the installed capacity is less than 100 kilowatts, the Qualifying Facility may select any one of the following options: (a) an hourly recording meter, (b) a dual kilowatt-hour register time-of-day meter, or (c) a standard kilowatt-hour meter.

For Qualifying Facilities with hourly recording meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the Company's actual avoided energy rate for each hour during the month, and (2) the quantity of energy sold by the Qualifying Facility during that hour.

For Qualifying Facilities with dual kilowatt-hour register time-of-day meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly avoided energy rates for the on-peak and off-peak periods during the month, and (2) the quantity of energy sold by the Qualifying Facility during each respective period.

For Qualifying Facilities with standard kilowatt-hour meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly avoided energy rate for the off-peak periods during the month, and (2) the quantity of energy sold by the Qualifying Facility during the month.

For a time-of-day metered Qualifying Facility, 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**

A Qualifying Facility, upon entering into a contract for the sale of firm capacity and energy or prior to delivery of as-available energy to the Company, may elect to make either simultaneous purchases from the Company and sales to the Company, or net sales to the Company. A decision on billing methods may only be changed: 1) when a Qualifying Facility selling as-available energy enters into a negotiated contract or Standard Offer Contract for the sale of firm capacity and energy; 2) when a firm capacity and energy contract expires or is lawfully terminated by either the Qualifying Facility or the Company; 3) when the Qualifying Facility is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or any contract between the Qualifying Facility and the Company.

If a Qualifying Facility elects to change billing methods, such changes shall be subject to the following: 1) upon at least thirty days' advance written notice to the Company; 2) the installation by the Company of any additional metering equipment reasonably required to effect the change in billing and upon payment by the Qualifying Facility for such metering equipment and its installation; and 3) upon completion and approval by the Company of any alteration(s) to the interconnection reasonably required to effect the change in billing and upon payment by the Qualifying Facility for such alteration(s).

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

(Continued on Sheet No. 10.103)

**CHARGES TO QUALIFYING FACILITY**

(Continued from Sheet No. 10.102)

**A. Customer Charges**

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

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

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

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

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

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

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

Equipment Type	Charge
Metering Equipment	0.408%
Distribution Equipment	0.533%
Transmission Equipment	0.243%

**D. Taxes and Assessments**

The Qualifying Facility shall be billed monthly an amount equal to any taxes, assessments or other impositions, for which the Company is or may become liable as a result of its purchases of As-Available 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 the Qualifying Facility's electric generation capability.
- (2) Any electric service delivered by the Company to a Qualifying Facility in the Company's service territory shall be subject to the following terms and conditions:
  - (a) A Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule, whose terms and conditions shall pertain.

(Continued on Sheet No. 10.104)

(Continued from Sheet No. 10.103)

- (b) A security deposit will be required in accordance with FPLSC Rules 25-17.062(3) and 25-6.097, F.A.C. and the following:
  - i) In the first year of operation, the security deposit shall be based upon the singular month in which the Qualifying Facility's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the Qualifying Facility. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit shall be required upon interconnection.
  - ii) For each year thereafter, a review of the actual sales and purchases between the Qualifying Facility and the Company shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Qualifying Facility exceed the actual sales to the Company in that month.
- (c) The Company shall specify the point of interconnection and voltage level.
- (d) The Qualifying Facility must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the Qualifying Facility or its interconnection to the Company's facilities may require modifications to the Interconnection Agreement or to the safety and reliability standards contained therein.
- (3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

**SPECIAL PROVISIONS**

- (1) Special contracts deviating from the above standard rate schedule are allowable provided the Company agrees to them and they are approved by the Florida Public Service Commission.
- (2) For a Qualifying Facility in the Company's service territory that wishes to contract with another electric utility which is directly or indirectly interconnected with the Company, the Company will, upon request, provide information on the availability and the terms and conditions of the specified desired transmission service.
  - (a) The rates, terms and conditions for all of the Company's firm Transmission Service Agreements are subject to the jurisdiction of Federal Energy Regulatory Commission ("FERC"). The Company will provide the Qualifying Facility, for informational purposes, copies of Transmission Service Agreements which have been previously accepted or approved by the FERC and which govern arrangements similar to the service being requested by the Qualifying Facility.
  - (b) Transmission service arrangements on an "if, when and as-available" (noconfirm) basis are also subject to the FERC's jurisdiction. Any such arrangement shall be by individualized contract and shall not otherwise interfere with the Company's ability to provide firm retail, firm wholesale and firm transmission service.

## APPENDIX A

DESCRIPTION OF AVOIDED ENERGY  
COST CALCULATION METHODOLOGY

The Company uses a marginal production costing program to calculate avoided energy costs. Each hour, actual system data (dispatch fuel costs, system load, generating unit status, interchange schedules, etc.) are automatically provided to the program. The dispatch fuel costs used are based on the average price of replacement fuel purchased in excess of contract minimums in conformance with FPSC Order No. 19448. The program computes a production cost for the base case from these data by economically dispatching available units and available interchange schedules to the desired load level (excludes interchange sales). The program then computes the production cost for the appropriate as-available energy block size by redispatching the same energy sources to a higher level; the base case is increased by transmission losses (which reflect the difference in generation levels required to serve load from specific points in the power system). The difference in production costs is divided by the block size to determine the \$/MWh avoided cost. This cost is developed simultaneously for five interconnection locations in the power system. The area prices differs due to changes in transmission losses as the generation required to replace the as-available energy block size varies from one location to another.

The as-available block size is based on the average hourly delivery during the prior billing month from all Qualifying Facilities whose energy payments are based on the as-available energy cost.

Incremental generating unit operations and maintenance costs are computed annually, coincident with the filing of the October-March fuel factor, based on the methodology approved in FPSC Docket No. 860001-EI-E. The methodology determines the maximum \$/MWh cost for those generating unit cost components which can vary based upon changes in generation levels for units already on-line. Resulting rates are developed by linear regression based on actual data for the prior year, and statistically validated. Marginal operations and maintenance costs for any interchange energy that might be included in the as-available price are already included in the interchange energy cost.

During unique circumstances, manual adjustments are made to the prices computed by the program:

- a) When gas turbines are on line to serve the Company's load, the cost of the gas turbine energy replaces the calculated avoided cost. This is necessary when the gas turbines are in the manual mode (i.e., do not respond to system load changes) and therefore would not be included when the program redispatches generating sources.
- b) When internal transmission constraints require the use of higher cost resources within a specific geographic area, the calculated cost is replaced by the higher cost (for those facilities inside the area whose output would reduce the use of the higher cost resources).
- c) When the delivery of Qualifying Facility output within a geographic area constrains the Company's ability to dispatch economic resources in the area, the calculated price for the area is reduced to the cost of the resource constrained.

**STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY  
FROM QUALIFYING COGENERATION AND  
SMALL POWER PRODUCTION FACILITIES  
(QUALIFYING FACILITIES)**

**SCHEDULE**

COG-1, As-Available Energy

**AVAILABLE**

Entire Service Area. The Company will purchase energy offered by any Qualifying Facility located within the State of Florida within the territory served by the Company under the provisions of this schedule or at contract negotiated rates as approved by the Florida Public Service Commission. ~~The Company will negotiate and may contract with a Qualifying Facility outside the Company's service territory where such negotiated contracts are in the best interest of the Company's ratepayers.~~

**APPLICABLE**

To any cogeneration or small power production Qualifying Facility located within the State of Florida producing energy for sale to the Company on an As-Available basis. As-Available Energy is described by the Florida Public Service Commission (FPSC) Rule 25-17.825 0825, F.A.C. and is energy produced and sold by a Qualifying Facility on an hour-by-hour basis for which contractual commitments as to the time, quantity, or reliability of delivery are not required. ~~Criteria for achieving Qualifying Facility status shall be those set out in FPSC Rule 25-17.80, F.A.C.~~

**CHARACTER OF SERVICE**

Purchase shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage.

**LIMITATION:**

All service pursuant to this schedule is 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 25-17.80 082 through 25-17.8001, F.A.C.

**RATE FOR PURCHASES BY THE COMPANY****A. Capacity Rates**

Capacity payments to Qualifying Facilities will not be paid under this Rate Schedule. Capacity payments to Qualifying Facilities may be obtained under Rate Schedule COG-2, Firm Capacity and Energy.

**B. Energy Rates**

As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour, based on the Company's actual hourly avoided energy costs before the sale of interchange energy, which are calculated by the Company in accordance with FPSC Rule 25-17.825 0825, F.A.C. Customer charges directly attributable to the purchase of As-Available Energy from the Qualifying Facility are deducted from the Qualifying Facility's total monthly energy payment.

~~Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. The calculation of the Company's avoided energy costs reflects the delivery of energy to the region of the Company in which the Qualifying Facility is located. When economy transactions take place, the incremental costs are calculated after the purchase or before the sale of the economy energy. All sales shall be adjusted for losses from the point of metering to the point of interconnection energy cost.~~

(For Legislative Format purposes only, this sheet continues on sheet no. 10.100b)

(Continued from Sheet No. 10.100)

**ESTIMATED AS-AVAILABLE AVOIDED ENERGY COST**

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. In addition, avoided energy cost payments will include .008 ¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/kWh	Off-Peak ¢/kWh	Average ¢/kWh
October 1, 1990 - March 31, 1991	2.99	2.32	2.48
April 1, 1991 - September 30, 1991	3.28	2.76	2.90
October 1, 1991 - March 31, 1992	3.37	2.48	2.69
April 1, 1992 - September 30, 1992	3.96	2.97	3.23

A MW block size ranging from 24029 MW to 420373.6 MW has been used to calculate the estimated avoided energy cost.

**DELIVERY VOLTAGE ADJUSTMENT**

The Company's actual hourly avoided energy costs shall be adjusted according to the delivery voltage by the following multipliers:

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0157
Secondary Voltage Delivery	1.0307

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

**PROJECTED ANNUAL GENERATION MIX AND FUEL PRICES**

Year	Generation by Fuel Type (%)					Price by Fuel Type (\$/MMBTU)			
	Nuclear	Oil	Gas	Coal	Purchased Power	Nuclear	Oil	Gas	Coal
1990	23.1	23.5	17.5	2.9	33.0	.51	3.89	3.46	1.31
1991	18.7	11.5	17.0	4.1	48.7	.51	3.47	3.35	1.52
1992	27.0	7.5	17.0	3.4	45.0	.53	3.51	3.40	1.71
1993	25.4	9.8	19.1	5.0	40.6	.60	3.94	3.81	1.89
1994	25.3	13.3	19.8	6.9	34.6	.58	4.54	4.38	2.14
1995	26.3	14.7	19.9	7.2	31.8	.56	5.16	4.94	2.41
1996	24.5	14.8	20.0	7.9	32.8	.53	5.78	5.69	2.51
1997	24.1	16.3	19.9	7.8	31.8	.51	6.44	6.28	2.62
1998	25.9	10.3	19.1	15.1	29.6	.51	6.99	6.85	2.65
1999	21.8	14.1	18.9	15.0	30.2	.53	7.64	7.30	2.77
2000	22	10	17	22	28	.57	8.53	7.04	2.82

NOTE: The Company's forecasts are for illustrative purposes, and are subject to frequent revision.

(Continued on Sheet No. 10.102)



(Continued from Sheet No. 10.101)

**METERING REQUIREMENTS**

The Qualifying Facility shall be required to purchase from the Company the metering equipment necessary to measure its energy deliveries to the Company.

Hourly recording meters shall be required for Qualifying Facilities with an installed capacity of 100 kilowatts or more. Where the installed capacity is less than 100 kilowatts, the Qualifying Facility may select any one of the following options: (a) an hourly recording meter, (b) a dual kilowatt-hour register time-of-day meter, or (c) a standard kilowatt-hour meter.

For Qualifying Facilities with hourly recording meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the Company's actual avoided energy rate for each hour during the month, and (2) the quantity of energy sold by the Qualifying Facility during that hour.

For Qualifying Facilities with dual kilowatt-hour register time-of-day meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly avoided energy rates for the on-peak and off-peak periods during the month, and (2) the quantity of energy sold by the Qualifying Facility during each respective period.

For Qualifying Facilities with standard kilowatt-hour meters, monthly payments for As-Available Energy shall be calculated based on the product of: (1) the average of the Company's actual hourly avoided energy rate for the off-peak periods during the month, and (2) the quantity of energy sold by the Qualifying Facility during the month.

For a time-of-day metered Qualifying Facility, 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 providing the Company is given at least thirty 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.~~

~~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.~~

A Qualifying Facility, upon entering into a contract for the sale of firm capacity and energy or prior to delivery of as-available energy to the Company, may elect to make either simultaneous purchases from the Company and sales to the Company, or net sales to the Company. A decision on billing methods may only be changed: 1) when a Qualifying Facility selling as-available energy enters into a negotiated contract or Standard Offer Contract for the sale of firm capacity and energy; 2) when a firm capacity and energy contract expires or is lawfully terminated by either the Qualifying Facility or the Company; 3) when the Qualifying Facility is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of Rule 25-17.0632 or any contract between the Qualifying Facility and the Company.

If a Qualifying Facility elects to change billing methods, such changes shall be subject to the following: 1) upon at least thirty days' advance written notice to the Company; 2) the installation by the Company of any additional metering equipment reasonably required to effect the change in billing and upon payment by the Qualifying Facility for such metering equipment and its installation; and 3) upon completion and approval by the Company of any alteration(s) to the interconnection reasonably required to effect the change in billing and upon payment by the Qualifying Facility for such alteration(s).

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

(For Legislative Format purposes only, this sheet continues on sheet no. 10.102b)

(For Legislative Format purposes only, this sheet brought from sheet no. 10.102)

CHARGES TO QUALIFYING FACILITY

A - Customer Charges

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

<u>Customer</u> <u>Rate Schedule</u>	<u>Charge(\$)</u>	<u>Customer</u> <u>Rate Schedule</u>	<u>Charge(\$)</u>
GS-1	0.00	CST-1	110.00
GST-1	12.30	GSLD-2	170.00
GSD-1	35.00	GSLDT-2	170.00
GSDT-1	41.50	CS-2	170.00
RS-1	5.65	CST-2	170.00
RET-1	8.05	GSLD-3	400.00
GSLD-1	41.00	CS-3	400.00
GSLDT-1	41.00	CST-3	400.00
CS-1	110.00	GSLDT-3	400.00

(Continued on Sheet No. 10.103)

(Continued from Sheet No. 10.102)

**CHARGES TO QUALIFYING FACILITY**

**A. Customer Charges:**

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

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

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

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

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

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

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

<u>Equipment Type</u>	<u>Charge</u>
<u>Metering Equipment</u>	<u>0.408%</u>
<u>Distribution Equipment</u>	<u>0.533%</u>
<u>Transmission Equipment</u>	<u>0.243%</u>

**D. Taxes and Assessments**

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

(For Legislative Format purposes only, this sheet continues on sheet no. 10.103b)

(For Legislative Format purposes only, this sheet brought from sheet no. 10.103)

**TERMS OF SERVICE**

- (1) It shall be the Qualifying Facility's responsibility to inform the Company of any change in ~~its~~<sup>the Qualifying Facility's</sup> electric generation capability.
- (2) Any electric service delivered by the Company to ~~the~~<sup>a</sup> Qualifying Facility in the Company's service territory shall be subject to the following terms and conditions:
  - (a) A Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule, whose and the terms and conditions of the applicable rate schedule shall pertain.
  - ~~(2) A security deposit will be required in accordance with FPSC Rules 25-17.62(5) and 25-6.07, F.A.C. and the following:
    - A. In the first year of operation, the security deposit shall be based upon the singular month in which the Qualifying Facility's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the Qualifying Facility. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit shall be required upon interconnection.
    - B. For each year thereafter, a review of the actual sales and purchases between the Qualifying Facility and the Company shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Qualifying Facility exceed the actual sales to the Company in that month.~~
  - ~~(4) The Company shall specify the point of interconnection and voltage level.~~
  - ~~(5) The Qualifying Facility must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the Qualifying Facility or its interconnection to the Company's facilities may require modifications to this agreement or the safety and reliability standards contained therein.~~

(Continued on Sheet No. 10.104)

(Continued from Sheet No. 10.103)

- (b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C. and the following:
- i) In the first year of operation, the security deposit shall be based upon the singular month in which the Qualifying Facility's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the Qualifying Facility. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit shall be required upon interconnection.
  - ii) For each year thereafter, a review of the actual sales and purchases between the Qualifying Facility and the Company shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Qualifying Facility exceed the actual sales to the Company in that month.
- (c) The Company shall specify the point of interconnection and voltage level.
- (d) The Qualifying Facility must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the Qualifying Facility or its interconnection to the Company's facilities may require modifications to the Interconnection Agreement or to the safety and reliability standards contained therein.
- (63) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

**SPECIAL PROVISIONS**

- (1) Special contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company ~~agrees to them~~ and they are approved by the Florida Public Service Commission.
- (2) For a Qualifying Facility in the Company's service territory that wishes to contract with another electric utility which is directly or indirectly interconnected with the Company, the Company will, upon request, provide information on the availability and the terms and conditions of the specified desired transmission service.
  - (a) ~~For~~ The rates, terms and conditions for all of the Company's firm ~~Transmission~~ Service ~~arrangements~~ are subject to the jurisdiction of Federal Energy Regulatory Commission ("FERC"). ~~The~~ The Company will provide the Qualifying Facility, for informational purposes, copies of Transmission Service Agreements which have been previously accepted or approved by the FERC and which govern arrangements similar to the service being requested by the Qualifying Facility.
  - (b) ~~For~~ Transmission service arrangements on an if, when, and as-available (nonfirm) basis ~~which are determined by the FERC to be not subject to its jurisdiction, an experimental or transitional nonfirm rate of 0.1 c/KWH shall be applicable pursuant to FPSC Order No. 14330, however~~ are also subject to the FERC's jurisdiction. Any such arrangement shall be by individualized contract and shall not otherwise interfere with the Company's ability to provide firm retail, firm wholesale and firm transmission service.

~~It is the Company's opinion that, by nature of its interconnections with other electric utilities, any and all transmission service provided, or to be provided, by the Company will be subject to the jurisdiction of the FERC.~~

**APPENDIX A****DESCRIPTION OF AVOIDED ENERGY  
COST CALCULATION METHODOLOGY**

The Company uses a marginal production costing program to calculate avoided energy costs. Each hour, actual system data (dispatch fuel costs, system load, generating unit status, interchange schedules, etc.) are automatically provided to the program. The dispatch fuel costs used are based on the average price of replacement fuel purchased in excess of contract minimums in conformance with FPSC Order No. 19448. The program computes a production cost for the base case from these data by economically dispatching available units and available interchange schedules to the desired load level (excludes interchange sales). The program then computes the production cost for the appropriate as-available energy block size by redispatching the same energy sources to a higher level; the base case is increased by transmission losses (which reflect the difference in generation levels required to serve load from specific points in the power system). The difference in production costs is divided by the block size to determine the \$/MWh avoided cost. This cost is developed simultaneously for five geographic areas in the power system. The area prices differs due to changes in transmission losses as the generation required to replace the as-available energy block size varies from one location to another.

The as-available block size is based on the average hourly delivery during the prior billing month from all Qualifying Facilities whose energy payments are based on the as-available energy cost.

Incremental generating unit operations and maintenance costs are computed annually, coincident with the filing of the October-March fuel factor, based on the methodology approved in FPSC Docket No. 860001-EI-E. The methodology determines the maximum \$/MWh cost for those generating unit cost components which can vary based upon changes in generation levels for units already on-line. Resulting rates are developed by linear regression based on actual data for the prior year, and statistically validated. Marginal operations and maintenance costs for any interchange energy that might be included in the as-available price are already included in the interchange energy cost.

During unique circumstances, manual adjustments are made to the prices computed by the program:

- a) When gas turbines are on line to serve the Company's load, the cost of the gas turbine energy replaces the calculated avoided cost. This is necessary when the gas turbines are in the manual mode (i.e., do not respond to system load changes) and therefore would not be included when the program redispatches generating sources.
- b) When internal transmission constraints require the use of higher cost resources within a specific geographic area, the calculated cost is replaced by the higher cost (for those facilities inside the area whose output would reduce the use of the higher cost resources).
- c) When the delivery of Qualifying Facility output within a geographic area constrains the Company's ability to dispatch economic resources in the area, the calculated price for the area is reduced to the cost of the resource constrained.

# **ATTACHMENT IV**

**STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM QUALIFYING FACILITIES  
LESS THAN 75 MEGAWATTS OR A SOLID WASTE FACILITY**

**SCHEDULE**

COG-2, Firm Capacity and Energy

**AVAILABLE**

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility Less than 75 or a Solid Waste Facility" ("Standard Offer Contract"), purchase firm capacity and energy offered by any small Qualifying Facility ("QF") - either cogeneration or small power production, the latter including any governmental solid waste facility ("GSWF") as defined in Rule 25-17.091, F.A.C., and any facility which burns landfill gas - less than 75 megawatts as specified under Section 403.503(7), F.S. (1989), irrespective of the QF's location, and which is either directly or indirectly interconnected with the Company. The Company's obligation to contract to purchase firm capacity from any QFs less than 75 MW, by means of this schedule and the Standard Offer Contract will continue only as long as, and to the extent that, the 125 MW subscription limit as identified in the Company's October 30, 1990, filing with the Florida Public Service Commission ("FPSC"), and as approved by the FPSC is not exceeded and, in any event, no later than December 31, 1992.

**APPLICABLE**

To any Small QF less than 75 MW in size, 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". Firm Capacity and Energy are described by the FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a QF less than 75 MW in size pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

**CHARACTER OF SERVICE**

Purchases within the territory served by 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 the Firm Energy and Capacity from the QF.

**LIMITATION**

Purchases under this schedule are subject to FPSC Rules 25-17.082 through 25-17.091, F.A.C., and are limited to those Qualifying Facilities which:

- A. Are less than 75 megawatts.
- B. Execute a Standard Offer Contract prior to December 31, 1992, the expiration date of the Standard Offer Contract for the Company's purchase of firm capacity and energy; and
- C. Commit to commence deliveries of firm capacity and energy no later than January 1, 1997, and to continue such deliveries through at least December 31, 2006, but not later than December 31, 2026.
- D. Provide capacity which would not result in the capacity subscription limit for the Company on capacity (125 MW), as identified in the FPSC Order 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 capacity required by the Company. For the purpose of this schedule, an Avoided Unit has been designated by the Company. The Company's next Avoided Unit has been identified as 125 MW of a 1998 907 MW Integrated Coal Gasification Combined Cycle generating unit ("IGCC") with an in-service date of January 1, 1997, as identified in FPSC Order No. Appendix A to this schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's Standard Offer Contract filed and approved pursuant to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

(Continued on Sheet No. 10.201)



(Continued from Sheet No. 10.200)

**A. Firm Capacity Rate**

Four options, A through D, as set forth below, are available for payment firm capacity which is produced by a QF and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the QF has contractually committed to deliver to the Company and are based on a contract term which extends twenty (20) years beyond the anticipated in-service date of the Company's Avoided Unit (i.e., through December 31, 2016). Payment schedules for other contract terms will be made available to any QF upon request and may be calculated based on the methodologies described in Appendix A. The currently approved parameters used to calculate the following schedule of payments are found in Appendix B to this schedule.

**Adjustment to Capacity Payments**

The firm capacity rates will be adjusted to reflect the impact that the location of the QF will have on FPL system reliability due to constraints imposed on the operation of FPL transmission facilities.

Appendix C shows, for illustration purposes, the factors that would be used to adjust the firm capacity rate for different geographical areas. The actual adjustment would be determined on a case-by-case basis.

**Option A - Fixed Value of Deferral - Normal Capacity Payments**

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an in-service date of January 1, 1997, calculated in accordance with FP&C Rule 25-17.0632 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.

**Option B - Fixed Value of Deferral Early Capacity Payments**

Payment schedules under this option are based upon early capacity payments consisting of the capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. These payments can start as early as six (6) years prior to the anticipated in-service date of the Company's Avoided Unit. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the contractual in-service date of the QF and calculated as shown on Appendix A.

The QF shall select the month and year in which the deliveries of firm capacity and energy to the Company are to commence and capacity payments are to start. The Company will provide the QF with a schedule of capacity payment rates based on the month and year in which the deliveries firm capacity and energy are to commence and the term of the Standard Offer Contract. The following exemplary payment schedule is based on the contract term which extends at least twenty (20) years beyond the anticipated in-service date of the Company's Avoided Unit.

(Continued on Sheet No. 10.202)

(Continued from Sheet No. 10.201)

EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/W/MONTH  
 COMPANY'S 1997 IQCC AVOIDED UNIT  
 STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS  
 (\$/W/MONTH)

Contract Year	Option A	Option B					
	Normal Payment Starting 01/01/97	Early Payment Starting					
		01/01/96	01/01/95	01/01/94	01/01/93	01/01/92	01/01/91
1991							\$ 11.80
1992						\$ 13.28	12.39
1993					\$ 14.98	13.95	13.02
1994				\$ 16.91	15.73	14.66	13.67
1995			\$ 19.12	17.76	16.52	15.39	14.36
1996		\$ 21.67	20.09	18.66	17.36	16.17	15.09
1997	\$ 24.61	22.76	21.10	19.60	18.23	16.99	15.85
1998	25.85	23.91	22.16	20.58	19.15	17.84	16.65
1999	27.15	25.11	23.28	21.62	20.11	18.74	17.49
2000	28.52	26.28	24.45	22.71	21.13	19.69	18.37
2001	29.96	27.71	25.69	23.86	22.19	20.68	19.29
2002	31.47	29.11	26.98	25.06	23.31	21.72	20.27
2003	33.05	30.57	28.34	26.32	24.49	22.82	21.29
2004	34.72	32.12	29.77	27.65	25.72	23.97	22.36
2005	36.47	33.73	31.27	29.04	27.02	25.17	23.49
2006	38.31	35.43	32.85	30.51	28.38	26.44	24.67
2007	40.24	37.22	34.50	32.04	29.81	27.78	25.92
2008	42.26	39.10	36.24	33.66	31.31	29.18	27.22
2009	44.39	41.07	38.07	35.36	32.89	30.65	28.60
2010	46.63	43.14	39.99	37.14	34.55	32.19	30.04
2011	48.98	45.31	42.00	39.01	36.29	33.81	31.55
2012	51.45	47.60	44.12	40.98	38.12	35.52	33.14
2013	54.05	50.00	46.35	43.04	40.04	37.31	34.81
2014	56.77	52.52	48.68	45.21	42.06	39.19	36.57
2015	59.63	55.16	51.14	47.49	44.18	41.17	38.41
2016	62.64	57.95	53.71	49.89	46.41	43.24	40.35

**Option C - Fixed Value of Deferral - Levelized Capacity Payment**

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix A. The fixed operation and maintenance portion of capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Company's Avoided Unit. These calculations are shown in Appendix A.

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

Payment schedules under this option are based upon the early levelized capital cost component of a year-by-year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix A. The fixed operation and maintenance expense shall be calculated as shown in Appendix A. At the option of the OF, early levelized capacity payments shall commence at any time after the specified early capacity date and before the anticipated in-service date of the Company's Avoided Unit, provided that the OF is delivering firm capacity and energy to the Company.

(Continued on Sheet No. 10.203)

(Continued from Sheet No. 10.202)

EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/W/MONTH  
 1997 IGCC AVOIDED UNIT (907 MW) LEVELIZED CAPITAL  
 AVOIDED CAPACITY PAYMENTS  
 (\$/W/MONTH)

Contract Year	Levelized Payment Starting 01/01/97	Option C		Option D (Early O&M) Early Payment Starting			
		01/01/96	01/01/95	01/01/94	01/01/93	01/01/92	01/01/91
1991							\$ 15.44
1992						\$ 17.25	15.68
1993					\$ 19.30	17.53	15.94
1994				\$ 21.62	19.61	17.82	16.21
1995			\$ 24.25	21.97	19.94	18.12	16.49
1996		\$ 27.25	24.65	22.34	20.28	18.44	16.79
1997	\$ 30.67	27.70	25.07	22.72	20.64	18.77	17.10
1998	31.18	28.17	25.50	23.13	21.02	19.13	17.43
1999	31.72	28.67	25.96	23.56	21.41	19.50	17.78
2000	32.28	29.19	26.44	24.01	21.83	19.88	18.14
2001	32.87	29.73	26.95	24.48	22.27	20.29	18.57
2002	33.49	30.31	27.49	24.97	22.73	20.72	18.92
2003	34.15	30.91	28.01	25.49	23.21	21.17	19.34
2004	34.83	31.55	28.63	26.04	23.72	21.65	19.79
2005	35.55	32.22	29.25	26.62	24.26	22.15	20.25
2006	36.31	32.92	29.90	27.22	24.82	22.67	20.74
2007	37.11	33.65	30.59	27.86	25.41	23.22	21.26
2008	37.95	34.43	31.31	28.52	26.03	23.80	21.80
2009	38.83	35.24	32.06	29.22	26.69	24.41	22.37
2010	39.75	36.10	32.86	29.96	27.37	25.05	22.96
2011	40.72	37.00	33.69	30.74	28.09	25.72	23.59
2012	41.74	37.94	34.57	31.55	28.85	26.43	24.25
2013	42.82	38.94	35.49	32.41	29.65	27.17	24.94
2014	43.95	39.98	36.46	33.31	30.49	27.95	25.67
2015	45.13	41.08	37.47	34.25	31.37	28.77	26.44
2016	46.38	42.23	38.54	35.25	32.29	29.64	27.24

B. Energy Rates

(1) Payments Prior to January 1, 1997:

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. The calculation of the Company's avoided energy costs reflects the delivery of energy from the region of the Company in which the QF is located. Energy payments to QFs located outside the Company's service area shall reflect the region in which the interchange point for the delivery of energy is located. When economy transactions take place, the incremental costs are calculated as described in COG-1 Tariff Appendix A.

The calculation of payments to the QF shall be based on the sum, over all hours of the billing period, of the product of each hour's avoided energy cost times the 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, 1997:

The firm energy rate, in cents per kilowatt-hour (¢/kWh), shall be the lesser of an hour-by-hour comparison of: (a) the fuel component of the Company's avoided energy costs calculated in accordance with Rule 25-17.0825 F.A.C., and (b) the Company's Avoided Unit Fuel Cost. The Company's Avoided Unit Fuel Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the average monthly inventory charge-out price of coal burned at the St. Johns River Power Park (as can be calculated from the Company's Fuel Cost Recovery A-3 Schedule) with an appropriate adjustment for delivery to the Martin site in cents per million Btu; and (b) an average annual heat rate of 8.40 million Btu per megawatt-hour based on the 1997 907 MW Company IGCC Avoided Unit.

(Continued on Sheet No. 10.204)

(Continued from Sheet No. 10.203)

Calculations of payments to the OF shall be based on the sum, over all hours of the billing period, of the product of each hour's avoided energy cost times the purchases by the Company for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the OF is located. Energy payments to OFs located outside the Company's service territory reflect the region in which the interchange point for the delivery of energy is located.

**ESTIMATED AS-AVAILABLE ENERGY COST**

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. In addition, avoided energy cost payments will include 000¢/kWh for variable operation and maintenance expense.

Applicable Period	On-Peak ¢/kWh	Off-Peak ¢/kWh	Average ¢/kWh
October 1, 1990 - March 31, 1991	2.99	2.32	2.48
April 1, 1991 - September 30, 1991	3.28	2.76	2.90
October 1, 1991 - March 31, 1992	3.37	2.48	2.69
April 1, 1992 - September 30, 1992	3.95	2.97	3.23

A MW block size ranging from 29 MW to 373.6 MW has been used to calculate the estimated avoided energy cost.

**ESTIMATED FIRM ENERGY COST**

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
	1.90	2.00	2.12	2.25	2.35	2.44	2.59	2.74	2.90	3.07

**DELIVERY VOLTAGE ADJUSTMENT**

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

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0157
Secondary Voltage Delivery	1.0307

**PERFORMANCE CRITERIA**

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

- A. **Commercial In-Service Date**  
 The commercial in-service date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., January 1, 1997.)
- B. **Capacity Factor**  
 The capacity factor is used in the determination of firm capacity payments through a performance based calculation as detailed in the Company's Standard Offer Contract.

**METERING REQUIREMENTS**

OFs within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy deliveries to the Company. Energy purchases from OFs outside the territory of 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.

(Continued on Sheet No. 10.205)

(Continued from Sheet No. 10.204)

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**

A QF, upon entering into a Standard Offer Contract for the sale of firm capacity and energy or prior to delivery of as-available energy, may elect to make either simultaneous purchases from and sales to the Company, or net sales to the Company. A decision on billing methods may only be changed: 1) when a QF selling as-available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is lawfully terminated by either the QF or the Company; 3) when the QF is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or a contract between the QF and the Company.

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

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

A statement covering the charges and payments due the QF 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**

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

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

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

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

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

(Continued on Sheet No. 10.206)

(Continued from Sheet No. 10.205)

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

Equipment Type	Charge
Metering Equipment	0.408%
Distribution Equipment	0.533%
Transmission Equipment	0.343%

**D. Taxes and Assessments**

The QF 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 QF.

**TERMS OF SERVICE**

- (1) It shall be the QF's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to a QF located in the Company's service area shall be subject to the following terms and conditions:
  - (a) A QF shall be metered separately and billed under the applicable retail rate schedule, whose terms and conditions shall pertain.
  - (b) A security deposit will be required in accordance with FPSC Rules 25-17.062(5) and 25-6.097, F.A.C. and the following:
    - (i) In the first year of operation, the security deposit should be based upon the singular month in which the QF's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QF. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
    - (ii) For each year thereafter, a review of the actual sales and purchases between the QF and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QF exceed the actual sales to the Company in that month.
  - (c) The Company shall specify the point of interconnection and voltage level.
  - (d) The QF must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the QF or its interconnection to the Company's facilities may require modifications to this Interconnection Agreement or the safety and reliability standards contained therein.
- (3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

**SPECIAL PROVISIONS**

- (1) Special contracts deviating from the above standard rate schedule are allowable provided the Company agrees to them and they are approved by the Florida Public Service Commission.
- (2) For a QF in the Company's service area that wishes to contract with another electric utility which is directly or indirectly interconnected with the Company, the Company will, upon request, provide information on the availability and the terms and conditions of the specified desired transmission service.
  - (a) The rates, terms and conditions for all of the Company's firm Transmission Service Agreements are subject to the jurisdiction of Federal Energy Regulatory Commission ("FERC"). The Company will provide the QF, for informational purposes, copies of Transmission Service Agreements which have been previously accepted or approved by the FERC and which govern arrangements similar to the service being requested by the QF.
  - (b) Transmission service arrangements on an if, when and as-available (nonfirm) basis are also subject to the FERC's jurisdiction. Any such arrangement shall be by individualized contract and shall not otherwise interfere with the Company's ability to provide firm retail, firm wholesale and firm transmission service.

(Continued on Sheet No. 10.207)

(Continued from Sheet No. 10.206)

**APPENDIX A**  
**FOR PURCHASE OF FIRM CAPACITY AND ENERGY**  
**FROM QUALIFYING COGENERATION AND**  
**SMALL POWER PRODUCTION FACILITIES**  
**SMALLER THAN 75 MW IN SIZE**  
**SCHEDULE COG-3**

**APPLICABILITY**

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

Also contained in Appendix A is the 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 QF.

**CALCULATION OF VALUE OF DEFERRAL**

FPSC Rule 25-17.06(2)(3) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a QF pursuant to the Company's Standard Offer Contract shall be defined as the year-by-year value of deferral of the Company's Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring the Company's Avoided Unit one year, and shall be calculated as follows:

$$VAC_n = \frac{1}{12} \left[ K_1 \left[ \frac{(1 - (1 + a)^n)}{(1 + a)} \right] + O_n \right] \left[ \frac{(1 - (1 + r)^n)}{(1 + r)^n} \right]$$

Where, for a one year deferral:

**VAC<sub>n</sub>** - utility's monthly value of avoided capacity, in dollars per kilowatt per month, for each month of year n;

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

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

**O<sub>n</sub>** - total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;

**r** - annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);

(Continued on Sheet No. 10.208)

(Continued from Sheet No. 10.207)

- $i$  = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s)
- $r$  = annual discount rate, defined as the utility's incremental after-tax cost of capital;
- $L$  = expected life of the Company's Avoided Unit(s); and
- $n$  = year for which the Company's Avoided Unit(s) is (are) deferred starting with the (their) original anticipated in-service date(s) and ending with the termination of the Company's Standard Offer Contract.

**CALCULATION OF EARLY CAPACITY PAYMENTS**

Normally, payments for firm capacity shall not commence until the in-service date of the Company's Avoided Unit(s). At the option of the QF, however, the Company may begin early capacity payments consisting of the capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit starting as early as six years prior to the anticipated in-service date of the Company's 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 QF, and shall be calculated as follows:

$$A_n = A_e \frac{(1+i)^{n-1}}{12} + A_c \frac{(1+i)^{n-1}}{12} \text{ for } n = 1, 2, \dots, L$$

Where:

- $A_n$  = monthly early capacity payments to be made to the QF for each month of the contract year  $n$ , in dollars per kilowatt per month;
- $A_e$  = annual escalation rate associated with the plant cost of the Company's Avoided Unit;
- $A_c$  = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
- $m$  = year for which early capacity payments to a QF are made, starting in year one and ending in the year  $t$ ;
- $t$  = the term, in years, of the Standard Offer Contract;

$$A_e = F \left[ \frac{(1+i)^t}{1 - (1+i)^{-t}} \right]$$

$$A_c = F \left[ \frac{(1+i)^t}{1 - (1+i)^{-t}} \right]$$

Where:

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

(Continued on Sheet No. 10.209)



(Continued from Sheet No. 10.208)

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

$$A_s = G \left[ \frac{(1+i)^t}{1 - (1+r)^t} \right]$$

Where:

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

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

**CALCULATION OF LEVELIZED AND EARLY LEVELIZED CAPACITY PAYMENTS**

Levelized and early levelized capacity payments. Monthly levelized and early levelized capacity payments shall be calculated as follows:

$$P_L = \frac{F}{12} \times \frac{r}{1 - (1+r)^{-t}} + O$$

Where:

$P_L$  = the monthly levelized capacity payment, starting on or prior to the in-service date of the Company's Avoided Unit;

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

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

$t$  = the term, in years, of the Standard Offer Contract, and;

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

(Continued on Sheet No. 10.210)

(Continued from Sheet No. 10.209)

**RISK-RELATED GUARANTEES**

With the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091, FPSC Rule 25-17.0832 paragraph (2)(c), (2)(d), (3)(e), and (3)(f), F.A.C., each require that, when early capacity payments are elected, the QF must provide a surety bond or equivalent assurance of repayment of early capacity payments in the event the QF is unable to meet the terms and conditions of its Standard Offer Contract. Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Standard Offer Contract, 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 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 QF to repay early capacity payments in the event of default in conjunction with a legally binding commitment from the owner(s) of the QF, parent company, and/or subsidiary companies allowing the Company 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 QF 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 QF. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the QF and the Company's ratepayers.

APPENDIX B  
 FOR PURCHASE PURSUANT TO STANDARD OFFER CONTRACT, OF FIRM ENERGY AND CAPACITY  
 FROM QUALIFYING FACILITIES SMALLER THAN 75 MW IN SIZE  
 SCHEDULE COG-3

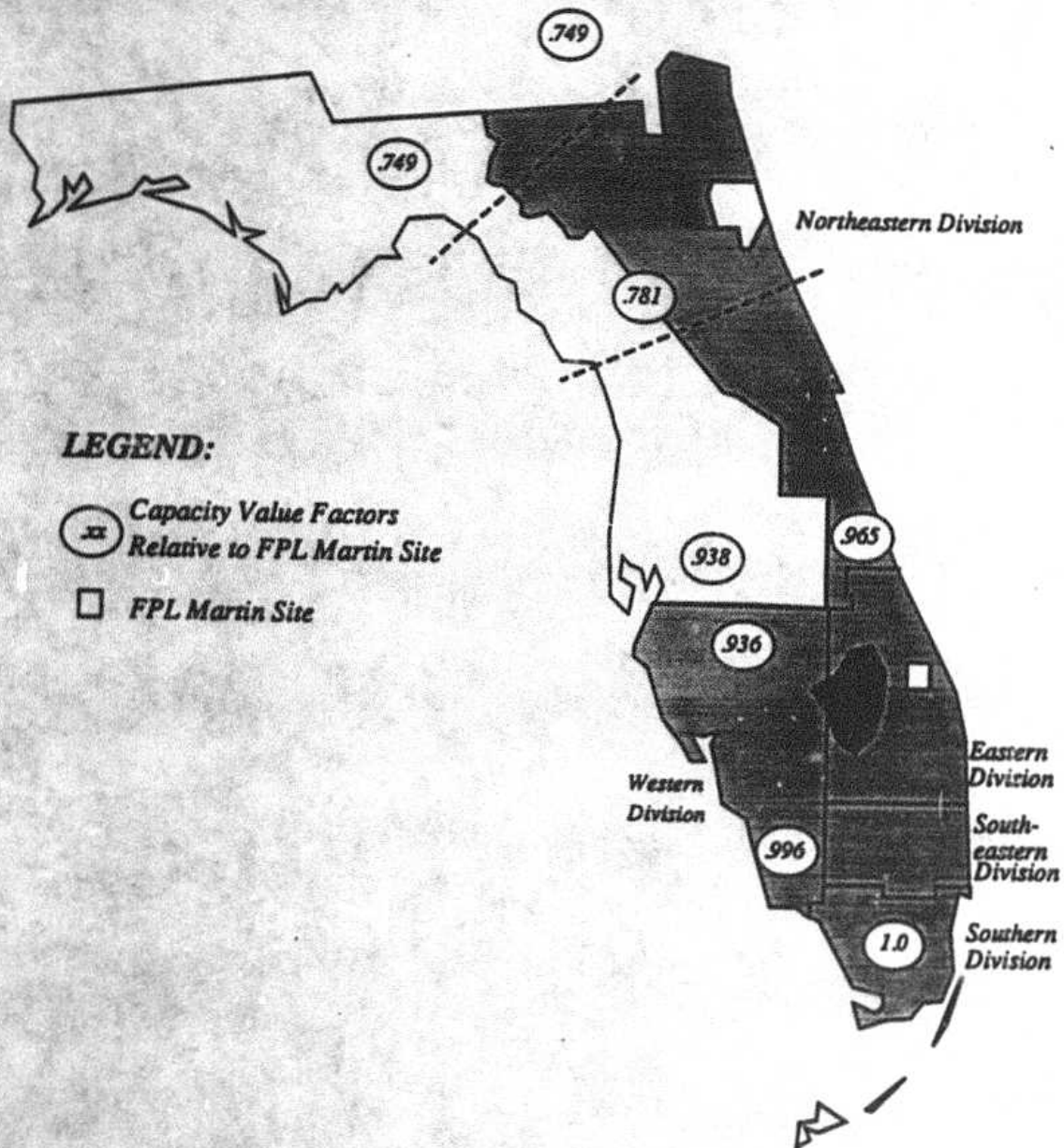
NORMAL PAYMENT OPTION PARAMETERS

Where, for a one year deferral:		Value
VAC <sub>0</sub>	- Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month n:	24.61
K	- present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year:	1.594
L	- total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding C/W/P of the Company's Avoided Unit with an in-service date of year n:	1,749
O <sub>0</sub>	- total first year's fixed and variable operating and maintenance expense, less fuel and in mid-year dollars per kilowatt per year, of the Company's Avoided Unit:	119.81
Y	- annual escalation rate associated with the plant cost of the Company's Avoided Unit:	5.07%
L <sub>1</sub>	- annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit:	5.1%
F	- annual discount rate, defined as the Company's incremental after-tax cost of capital:	10.41%
L	- expected life of the Company's Avoided Unit:	30
n	- year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract:	1997

EARLY PAYMENT OPTION PARAMETERS

A <sub>0</sub>	- monthly avoided capital cost component of capacity payments to be made to the QF starting as early as six years prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month:	7.02
Y	- annual escalation rate associated with the plant cost of the Company's Avoided Unit:	5.07%
n	- year for which early capacity payments to a QF are to begin:	1991
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 Company's Avoided Unit and continued for a period of 20 years:	2,269.94
r	- annual discount rate, defined as the Company's incremental after-tax cost capital:	10.41%
t	- the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing prior to the in-service date of the Company's Avoided Unit:	26
O	- the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 20 years:	1,561.55

APPENDIX C  
VALUE OF CAPACITY LOCATION  
VERSUS AVOIDED UNIT



**STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM QUALIFYING COGENERATION FACILITIES AND  
SMALL-POWER PRODUCTION FACILITIES  
LESS THAN 75 MEGAWATT OR A SOLID WASTE FACILITY  
(QUALIFYING FACILITIES)**

**SCHEDULE**

**COG-2, Firm Capacity and Energy**

**AVAILABLE**

The Company will purchase Firm Capacity and Energy offered by any Qualifying Facility, irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. The Company will negotiate and may contract with any Qualifying Facility, irrespective of its location, which is either directly or indirectly interconnected with the Company for the purchase of Firm Capacity and Energy pursuant to terms and conditions which deviate from this schedule where such negotiated contracts are in the best interest of the Company's ratepayers. The Company's obligation to contract to purchase firm capacity from Qualifying Facilities (by negotiated or "Standard Offer" contracts) will continue only as long as, and to the extent, the 500 MW subscription limit as identified in the Florida Public Service Commission (FPSC) Order No. \_\_\_\_\_ is not exceeded.

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility Less than 75 or a Solid Waste Facility" ("Standard Offer Contract"), purchase firm capacity and energy offered by any small Qualifying Facility (QF) -- either cogeneration or small power production, the latter including any governmental solid waste facility (GSWF) as defined in Rule 25-17.091, F.A.C., and any facility which burns landfill gas -- less than 75 megawatts as specified under Section 403.503(7), F.S. (1989), irrespective of the QF's location, and which is either directly or indirectly interconnected with the Company. The Company's obligation to contract to purchase firm capacity from any QFs less than 75 MW, by means of this schedule and the Standard Offer Contract will continue only as long as, and to the extent that, the 125 MW subscription limit as identified in the Company's October 30, 1990, filing with the Florida Public Service Commission (FPSC), and as approved by the FPSC is not exceeded and, in any event, no later than December 31, 1992.

**APPLICABLE**

To any cogeneration or small power production Qualifying Facility Small QF less than 75 MW in size, 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 FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a Qualifying Facility less than 75 MW in size pursuant to the Standard Offer Contract provisions addressing (among other things) 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 the Firm Energy and Capacity from the Qualifying Facility.

**LIMITATION:**

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 25-17.080082 through 25-17.087091, F.A.C., and are limited to those Qualifying Facilities which:

- A. Execute a Company "Standard Offer Contract" prior to January 1, 1994, for the Company's purchase of Firm Capacity and Energy and are less than 75 megawatts.
- B. Commit to commence deliveries of Firm Capacity and Energy no later than January 1, 1996 and to continue such deliveries through at least December 31, 2005. Execute a Standard Offer Contract prior to December 31, 1992, the expiration date of the Standard Offer Contract for the Company's purchase of firm capacity and energy; and

C. Provide capacity which would not result in the capacity subscription limit for the Company on capacity (125 MW) as identified in the PSFC Order to be executed.

D. Provide capacity which would not result in the capacity subscription limit for the Company on capacity (125 MW) as identified in the PSFC Order to be executed.

#### **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 as required by the Company. For the purpose of this schedule, a Standard Offer Contract Unit has been designated by the PSFC. The Company's most Standard Offer Unit has been identified as a 125 MW of a 1998 single-unit unit in PSFC Order No. Appendix A to this schedule describes the methodology used to calculate payment schedule, general terms, and conditions applicable to the Company's Standard Offer Contract. The currently approved parameters used to calculate the following rates are found in Appendix B to this schedule.

#### **A. Firm Capacity Rates**

Three options, A through C, as set forth below, are available for payment of Firm Capacity which is produced by a Qualifying Facility and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the Qualifying Facility has contractually committed to deliver to the Company and are based on a minimum contract term which extends ten (10) years beyond the anticipated in-service date of the Standard Offer Unit (i.e., the unit December 31, 2006/2018). Payment schedules for long-term contract terms will be made available to any Qualifying Facility upon request and may be calculated based on the methodology described in Appendix A. The currently approved parameters used to calculate the following schedule of payments are found in Appendix B to this schedule.

Each option, as defined in PSFC Rule 25-17.001 F.A.C., may qualify for an incentive schedule of monthly capacity payments developed using the methodology described in Option D contained in Appendix C to this schedule.

#### **Adjustment to Capacity Payment**

The firm capacity rates will be adjusted to reflect the impact that the location of the OF will have on FPL system reliability due to constraints imposed on the operation of FPL transmission lines.

Appendix C shows, for illustration purposes, the factors that would be used to adjust the firm capacity rate for different geographical areas. The actual adjustment would be determined on a case-by-case basis.

#### **Option A - Fixed Value of Deferral - Normal Capacity Payments**

Payment schedules under this option are based on the value of a year-by-year deferral of the Standard Offer Unit with an in-service date of January 1, 1998/1997, calculated in accordance with PSFC Rule 25-17.001(6)(3) 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.

#### **Option B - Fixed Value of Deferral Early Capacity Payments**

Payment schedules under this option are based upon early capacity payments consisting of the capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. These payments can start as early as six (6) years prior to the anticipated in-service date of the Company's Avoided Unit. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the commercial in-service date of the OF and calculated as shown in Appendix A.

The Qualifying Facility shall select the month and year in which the deliveries of Firm Capacity and Energy to the Company are 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 deliveries of Firm Capacity and Energy are to commence and the term of the Standard Offer 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 Standard Offer Unit. The currently approved parameters used to calculate the following schedule of payments are found in Appendix B to this schedule.

#### **EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/KW/MONTH**

~~1996 STATEWIDE AVOIDED COAL UNIT (\$60 MW)~~  
**COMPANY'S 1997 IGCC AVOIDED UNIT**  
**STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS—0.8 RISK FACTOR**  
**AVOIDED CAPACITY PAYMENTS (\$/G/W/MONTH)**

Contract Year	Option A	Option B					
	Normal Payment Starting 01/01/967	01/01/966	01/01/945	Early Payment Starting 01/01/934	01/01/933	01/01/942	01/01/91
1990							
1991						\$ 5.50	\$11.80
1992					\$ 6.24	5.8413.28	12.39
1993				\$ 3.01	6.5614.98	6.1413.95	13.02
1994			\$ 3.93	7.4016.91	6.9015.73	6.4814.66	13.67
1995		\$ 8.80	8.3819.12	7.8217.76	7.3116.52	6.8515.39	14.36
1996	\$ 14.83	14.1521.67	13.5020.09	13.0318.66	12.3317.36	11.8816.17	15.02
1997	15.6924.61	14.9322.76	14.2521.10	13.6319.60	13.0618.23	12.5416.99	15.85
1998	16.5625.85	15.7623.91	15.0422.16	14.2820.58	13.7819.15	13.2717.84	16.65
1999	17.4827.15	16.6325.11	15.8223.28	15.1721.62	14.5420.11	13.9618.74	17.49
2000	18.4628.52	17.5526.38	16.7424.45	16.0322.71	15.3421.13	14.7319.62	18.37
2001	19.4729.96	18.5327.71	17.6725.69	16.9023.86	16.1922.19	15.5520.68	19.29
2002	20.5131.47	19.5529.11	18.6526.98	17.8225.06	17.0023.31	16.4121.72	20.27
2003	21.6033.05	20.6330.57	19.6828.34	18.8226.32	18.0324.49	17.3122.87	21.29
2004	22.8034.72	21.7732.12	20.7729.77	19.8627.65	19.0325.72	18.2723.97	22.36
2005	24.1636.47	22.9833.73	21.9231.27	20.9529.04	20.0827.02	19.2825.17	23.49
2006	25.4938.31	24.2535.43	23.1332.85	22.1130.51	21.1028.38	20.2426.44	24.67
2007	26.9040.24	25.5937.22	24.4134.50	23.3432.04	22.2629.81	21.4627.78	25.92
2008	28.3042.26	27.0139.10	25.7636.24	24.6333.66	23.5931.31	22.6529.18	27.22
2009	29.8244.39	28.5141.07	27.1938.07	26.0035.36	24.9032.89	23.9030.65	28.60
2010	31.4346.63	30.0843.14	28.6939.92	27.4237.14	26.2734.55	25.2232.19	30.04
2011	32.8848.98	31.7545.31	30.2842.00	28.9439.01	27.7236.29	26.6133.81	31.55
2012	34.2351.45	33.5147.60	31.9544.12	30.5440.98	29.2638.12	28.0635.52	33.14
2013	35.1854.85	35.2630.00	33.7246.35	32.2343.04	30.8740.04	29.6337.31	34.81
2014	36.3456.77	37.2252.52	35.5848.68	34.0145.21	32.5842.06	31.2739.19	36.57
2015	41.4139.63	39.2855.16	37.5551.14	35.8947.49	34.2844.18	33.0041.17	38.41
2016	52.64	37.95	33.71	49.89	46.41	43.24	40.35

**Option B—Variable Value of Deferral**

The payment schedule under this option is based on the value of deferral of a statewide avoided unit with an in-service date of January 1, 1996. Once this option is selected, the unit designation and its in-service date shall remain fixed for the term of the contract. The value of deferral shall be recalculated annually and the payment schedule shall be adjusted, upon approval by the FERC, 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 projections of payments are those contained in Option A above.

**Option C—Average Embedded Book Cost of Fossil Steam Production Plant**

Monthly 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 FERC and in effect in the year 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

<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	
4.35	4.43	4.51	4.61	4.70	4.71	5.86	
<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
5.01	5.31	5.37	5.49	5.69	5.14	5.30	5.79

Option C - Fixed Value of Deferral - Levelized Capacity Payment

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix A. The fixed operation and maintenance portion of capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Company's Avoided Unit. These calculations are shown in Appendix A.

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

Payment schedules under this option are based upon the early levelized capital cost component of a year-by-year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix A. The fixed operation and maintenance expense shall be calculated as shown in Appendix A. At the option of the QF, early levelized capacity payments shall commence at any time after the specified early capacity date and before the anticipated in-service date of the Company's Avoided Unit, provided that the QF is delivering firm capacity and energy to the Company.



**EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/KW/MONTH**  
**1997 IGCC AVOIDED UNIT (907 MW) LEVELIZED CAPITAL**  
~~NO-RISK FACTOR LEVELIZED CAPITAL EARLY O&M AVOIDED CAPACITY PAYMENTS~~  
**AVOIDED CAPACITY PAYMENTS (\$/KW/MONTH)**

Contract Year	Option C		Option D (Early O&M)				
	Levelized Payment	Normal Payment	Early Payment Starting				
	01/01/967	01/01/966	01/01/965	01/01/964	01/01/963	01/01/962	01/01/961
1998							
1999						\$ 14.12	\$ 15.44
1999				\$ 17.64	\$ 15.76	14.2017.25	15.68
1994				17.8221.62	16.1819.30	14.4717.53	15.94
1995			\$ 18.70	18.0521.97	16.3619.94	14.6617.82	16.21
1996	\$ 23.38	\$ 22.08	18.8524.25	18.2022.34	16.5020.28	14.8618.12	16.49
1997	25.1030.67	22.6827.70	20.4825.07	18.5422.77	16.8220.64	15.0718.44	16.79
1998	25.4431.18	22.8628.17	20.7625.50	18.8123.13	17.0721.02	15.2018.77	17.10
1999	25.7831.72	22.8828.67	21.0625.96	18.8023.56	17.3421.41	15.2719.50	17.43
2000	26.1532.28	22.6229.19	21.3826.44	18.8024.01	17.6121.83	15.4019.88	17.78
2001	26.5432.87	22.8829.73	21.7226.95	18.7024.48	17.8022.27	15.4020.29	18.14
2002	26.9533.49	24.3630.31	22.0727.49	20.0924.97	18.2122.73	15.6820.72	18.52
2003	27.3834.15	24.7630.91	22.4428.05	20.3825.49	18.5323.21	15.8021.17	18.92
2004	27.8334.83	25.1831.55	22.8328.63	20.7426.04	18.8823.72	17.0121.65	19.34
2005	28.3135.55	25.6332.22	23.2529.25	21.1326.62	19.2424.26	17.4422.15	19.79
2006	28.8236.31	26.1032.92	23.6829.90	21.5327.23	19.6224.82	17.8022.67	20.25
2007	29.3537.11	26.5833.65	24.1430.59	21.9627.86	20.0125.41	18.2723.22	20.74
2008	29.9137.95	27.1134.43	24.6331.31	22.4128.52	20.4426.03	18.6723.80	21.26
2009	30.5038.83	27.6635.24	25.1432.06	22.8929.22	20.8826.69	19.0824.41	21.80
2010	31.1339.75	28.2436.10	25.6732.86	23.3929.96	21.3527.37	19.5225.05	22.37
2011	31.7840.72	28.8437.00	26.2433.69	23.9230.74	21.8428.09	19.9925.72	22.96
2012	32.4441.74	29.4837.94	26.8434.57	24.4731.55	22.3628.85	20.4326.43	23.59
2013	33.1042.82	30.1638.94	27.4735.49	25.0632.41	22.9129.65	20.9027.17	24.25
2014	33.8243.95	30.8839.98	28.1336.46	25.6833.31	23.4830.49	21.5227.95	24.94
2015	34.5845.13	31.6341.08	28.8237.47	26.3334.25	24.1031.37	22.0028.77	25.67
2016	46.38	42.23	38.54	35.25	32.29	29.14	27.24

**B. Energy Rates**

**(1) Payments Prior to January 1, 1996 1997:**

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. The calculation of the Company's avoided energy costs reflects the delivery of energy ~~to~~from the region of the Company in which the Q~~ualifying~~ Facility is located. Energy payments to Q~~ualifying~~ Facilities located outside the Company's service ~~territories~~area shall reflect the region in which the interchange point for the delivery of energy is located. When economy transactions take place, the incremental costs are calculated ~~after the purchase, or before the sale of the energy~~ described in COG-1 Tariff Appendix A.

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) Excesses Accrued on January 1, 1996-1997:

The firm energy rate, in cents per kilowatt-hour (¢/kWh), shall be the lesser of an hour-by-hour comparison of: (a) the fuel component of the Company's avoided energy costs calculated in accordance with Rule 25-17.0625 F.A.C. and (b) the Stateside Company's Avoided Unit Fuel Cost. The Stateside Company's Avoided Unit Fuel Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the average monthly inventory charge-out price of coal burned at the St. Johns River Power Park, (as can be calculated from the Company's Fuel Cost Recovery A-3 Schedule) with an appropriate adjustment for delivery to the Martin site in cents per million Btu; and (b) an average annual heat rate of 6,299,400 million Btu per megawatt-hour based on the 1996-500-MW Stateside-Avoided-Cost-Year 1997-997 MW Company IGCC Avoided Unit.

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

ESTIMATED FIRM ENERGY COSTS-ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. In addition, avoided energy cost payments will include .008¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak	Off-Peak	Average
	¢/kWh	¢/kWh	¢/kWh
October 1, 1990 - March 31, 1991	2.59	2.32	2.48
April 1, 1991 - September 30, 1991	3.3	2.76	2.90
October 1, 1991 - March 31, 1992	3.37	2.48	2.69
April 1, 1992 - September 30, 1992	3.96	2.97	3.23

A MW block size ranging from 24079 MW to 420373.6 MW has been used to calculate the estimated avoided energy cost.

ESTIMATED FIRM ENERGY COST

The estimated avoided fuel cost listed below are associated with the Stateside Company's Avoided Unit and are as follows: ¢/MWh based on current estimation of the delivered price of coal to the St. Johns River Power Park coal-fired units.

	<u>¢/MWh</u>									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
240	2.31	2.34	2.45	2.63	2.74	2.84	2.92	2.99	3.10	3.28
190	2.09	2.12	2.25	2.35	2.44	2.59	2.74	2.90	2.90	3.07

240=delivered-estimates-of-the-delivered-price-of-coal-to-the-St.-Johns-River-Power-Park-coal-fired-units.

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:

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0157
Secondary Voltage Delivery	1.0397

## 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 obtained 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's 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 ensure that the performance of its facility during this 24-hour period is reflective of the anticipated day-to-day operation of the Qualifying Facility. The commercial in-service date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., January 1, 1997.)

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

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

The capacity factor is used in the determination of firm capacity payments through a performance based calculation as detailed in the Company's Standard Offer Contract.

### C. Additional Criteria

The Qualifying Facility shall

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

## 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 deliveries to the Company. Energy purchases from Qualifying Facilities outside the territory of 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 new Fuel and Purchased Power Cost Recovery Factor billing period providing the Company is given at least thirty days written notice before the change is to take place. In addition, allowances 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 a contract with the Company. A QF, upon entering into a Standard Offer Contract for the sale of firm capacity and energy or prior to delivery of its available energy, may elect to make either simultaneous purchases from and sales to the Company, or net sales to the

Company. A decision on billing methods may only be effective: 1) when a QF settles an available energy service into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is further terminated by either the QF or the Company; 3) when the QF is unable to establish service and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of Rule 25-17.0932 or a contract between the QF and the Company.

If a QF elects to change billing methods, such changes shall be subject to the following: 1) upon at least thirty days' advance written notice to the Company; 2) the installation by the Company of any additional metering equipment reasonably required to effect the change in billing and upon payment by the QF for such metering equipment and its installation; and 3) upon completion and approval by the Company of any alterations to the interconnection reasonably required to effect the change in billing and upon payment by the QF for such alterations.

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

A statement covering the charges and payments due the QF's 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		Customer Charges		Rate Schedule		Customer Charges	
Rate Schedule	Customer Charge	Rate Schedule	Customer Charge	Rate Schedule	Customer Charge	Rate Schedule	Customer Charge
GS-1	9.00	CST-1	110.00	GS-1	110.00	GS-1	110.00
GST-1	12.50	GSLD-2	170.00	GSD-1	170.00	GST-1	12.50
GSD-1	35.00	GSLDT-2	170.00	GSDT-1	41.50	GSD-1	35.00
GSDT-1	41.50	CS-2	170.00	RS-1	5.65	CS-2	170.00
RS-1	5.65	CST-2	170.00	RST-1	8.95	CST-2	170.00
RST-1	8.95	GSLD-3	400.00	GSLD-1	41.00	CS-3	400.00
GSLD-1	41.00	CS-3	400.00	GSLDT-1	41.00	GSLD-1	41.00
GSLDT-1	41.00	CST-3	400.00	CS-1	110.00	CST-3	400.00
CS-1	110.00	GSLDT-3	400.00			GSLDT-3	400.00

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

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

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

The QF's Qualifying Facility shall be billed monthly for the variable utility expenses associated with the operation and maintenance of the interconnection facilities. These include (a) the Company's inspections of the interconnection facilities and (b) maintenance of any equipment beyond that which would be required to provide normal electric service to the QF's Qualifying Facility if no sales to the Company were involved. In lieu of payment for actual charges, the QF's Qualifying Facility may pay a monthly charge equal to a percentage of the installed cost of the interconnection facilities. The applicable percentages are as follows:

Equipment Type	Charge
Metering Equipment	0.406%
Distribution Equipment	0.533%
Transmission Equipment	0.243%

**D. Taxes and Assessments**

The QF's 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 System Capacity and Energy produced by the QF's Qualifying Facility.

Company. A decision on billing methods may only be changed: 1) when a QF selling an available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is lawfully terminated by either the QF or the Company; 3) when the QF is selling an available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of Rule 25-17.0632 or a contract between the QF and the Company.

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

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

A statement covering the charges and payments due the QF 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**

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

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

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

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

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

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

<u>Equipment Type</u>	<u>Charge</u>
Metering Equipment	0.408%
Distribution Equipment	0.533%
Transmission Equipment	0.243%

##### **D. Taxes and Assessments**

The QF 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 QF Qualifying-Facility.

## TERMS OF SERVICE

- (1) It shall be the ~~QF Qualifying Facility's~~ responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to a QF located in the Company's service area shall be subject to the following terms and conditions: the Qualifying Facility
  - (a) A QF shall be metered separately and billed under the applicable retail rate schedule, ~~whose~~ and the terms and conditions of the applicable retail rate schedule shall pertain.
  - (b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C. and the following:
    - A-(i) In the first year of operation, the security deposit should be based upon the singular month in which the Qualifying Facility's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QF Qualifying Facility. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
    - B-(ii) For each year thereafter, a review of the actual sales and purchases between the QF Qualifying Facility and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QF Qualifying Facility exceed the actual sales to the Company in that month.
  - (c) The Company shall specify the point of interconnection and voltage level.
  - (d) The QF Qualifying Facility must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the Qualifying Facility or its interconnection to the Company's facilities may require modifications to this Interconnection Agreement or the safety and reliability standards contained therein.
- (3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

## SPECIAL PROVISIONS

- (1) Special contracts deviating from the above standard rate schedule are allowable provided ~~they are agreed to by the Company~~ agree to them and they are approved by the Florida Public Service Commission.
- (2) For a QF Qualifying Facility in the Company's service ~~territory~~ area that wishes to contract with another electric utility which is directly or indirectly interconnected with the Company, the Company will, upon request, provide information on the availability and the terms and conditions of the specified desired transmission service.
  - (a) ~~For~~ The rates, terms and conditions for all of the Company's firm ~~Transmission~~ Transmission ~~Service~~ Service ~~agreements~~ are subject to the jurisdiction of Federal Energy Regulatory Commission ("FERC"); ~~The~~ The Company will provide the Qualifying Facility, for informational purposes, copies of Transmission Service Agreements which have been previously accepted or approved by the FERC and which govern arrangements similar to the service being requested by the Qualifying Facility.
  - (b) ~~For~~ Transmission service arrangements on an if, when, and as-available (nonfirm) basis which ~~are determined by the FERC to be not subject to its jurisdiction, an experimental or transitional nonfirm rate of 0.1¢/kWh shall be applied in pursuant to FPSC Order No. 14320, however~~ are also subject to the FERC's jurisdiction. ~~A~~ any such arrangement shall be by individualized contract and shall not otherwise interfere with the Company's ability to provide firm retail, firm wholesale and firm transmission service.

~~It is the Company's opinion that, by nature of its interconnections with other electric utilities, any and all transmission service provided, as to be provided, by the Company will be subject to the jurisdiction of the FERC.~~

**APPENDIX A  
FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM QUALIFYING COGENERATION AND  
SMALL POWER PRODUCTION FACILITIES  
LESS SMALLER THAN 75 MW IN SIZE  
SCHEDULE COG-3**

**APPLICABILITY**

Appendix A provides a detailed description of the methodology used by the Company to calculate the monthly values of deferring or avoiding the Statewide Company's Avoided Unit as identified in Schedule COG-2. When used in conjunction with the current FPSC-approved cost parameters associated with the Statewide Company's 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 Company.

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 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 Rule 25-17.002(2)(32)(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a Qualifying Facility pursuant to the utility's Company's Standard Offer Contract shall be defined as the value of a year-by-year value of deferral of the Statewide Company's Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring the Company's Avoided Unit one year, and shall be calculated as follows:

$$VAC_n = \frac{1}{12} \left[ \frac{[1 - (1+i)^L]}{[K_L \frac{[1 - (1+i)^L]}{(1+r)^L]} + O_n} \right]$$

Where, for a one year deferral:

- $VAC_n$  = utility's monthly value of avoided capacity, in dollars per kilowatt per month, during for each month of year n;
- $C$  = a constant risk multiplier equal to 0.8 for the purpose the utility's standard offer agreement.
- $K$  = present value of carrying charges for one dollar of investment over L years with carrying charges assumed computed using average annual rate base and assumed to be paid at the middle at the end of each year and present valued to the middle of the first year;
- $L_n$  = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the statewide Company's Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Company's Avoided Unit which would have been paid had the Unit been constructed;

- $O_n$  = total first-year's fixed operation and variable opening and maintenance expense for the year n, in mid-year, less fuel and in dollars per kilowatt per year, of the statewide Company's Avoided uUnit; deflated to the beginning of year n by  $L_p$
- $L_p$  = annual escalation rate associated with the plant cost of the Company's statewide uUnit;
- $L_o$  = annual escalation rate associated with the operation and maintenance expense of the Company's statewide uUnit;
- $r$  = annual discount rate, defined as the utility's incremental after-tax cost of capital;
- $L$  = expected life of the Company's statewide uUnit; and
- $n$  = year for which the Company's statewide uUnit is (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of the Company's Standard Offer Contract, for the purchase of firm energy and capacity.

#### CALCULATION OF EARLY CAPACITY PAYMENTS

Normally, payments for firm capacity shall not commence until the in-service date of the Company's statewide uUnit. At the option of the QF, however, the utility/Company may begin making early capacity payments consisting of the capital cost component of the value of a year-by-year deferral of the statewide Company's uUnit starting as early as seven years prior to the anticipated in-service date of the statewide Company's uUnit. 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 QF, and shall be calculated as follows:

$$A_m = A_c \frac{(1 + l_p)^{m-n}}{12} + A_o \frac{(1 + l_o)^{m-n}}{12} \quad \text{for } m = 1 \text{ to } t$$

Where:

- $A_m$  = monthly avoided capital cost component of early capacity payments to be made to the QF starting as early as seven years prior to the anticipated in-service date of the statewide uUnit for each month of the contract year n, in dollars per kilowatt per month;
- $L_p$  = annual escalation rate associated with the plant cost of the Company's statewide uUnit;
- $n$  = year for which early capacity payments to a Qualifying Facility are made; and
- $L_o$  = annual escalation rate associated with the operation and maintenance expense of the Company's uUnit;
- $m$  = year for which early capacity payments to a QF are made, starting in year one and ending in the year  $t$ ;



$i$  = the term, in years, of the Standard Offer Contract;

$$A_s = F \left[ \begin{array}{l} (1+i) \\ 1 - (1+r) \\ (1+i)^t \\ 1 - (1+r)^t \end{array} \right]$$

Where:

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

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

$$A_s = G \left[ \begin{array}{l} (1+i) \\ 1 - (1+r) \\ (1+i)^t \\ 1 - (1+r)^t \end{array} \right]$$

$t$  = 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.

Where:

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

The currently approved parameters applicable to the formulas/formulas above are found in Appendix B.

#### CALCULATION OF 12-MONTH ROLLING AVERAGE CAPACITY FACTOR

Pursuant to FERC Rule 21.17.083(3) (a) (ii), F.A.C., and Order 13317, Docket No. 830777-EL, a Qualifying Facility must maintain a 70 percent capacity factor in order to receive capacity payments. For the purposes 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 FERC Rule 21.17.083 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 FERC of the problems leading to the need for such relief.

During the first twelve months in which the 30 percent capacity factor performance criterion 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-related bonus 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.

#### CALCULATION OF LEVELIZED AND EARLY LEVELIZED CAPACITY PAYMENTS

Levelized and early levelized capacity payments. Monthly levelized and early levelized capacity payments shall be calculated as follows:

$$P_L = \frac{F}{12} \times \frac{r}{1-(1+r)^{-I}} + O$$

Where:

- P<sub>L</sub>** = the monthly levelized capacity payment, starting on or prior to the in-service date of the Company's Avoided Unit;
- F** = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of the capacity payments which would have been made had the capacity payments not been levelized;
- r** = the annual discount rate, defined as the Company's incremental after-tax cost of capital;
- I** = the term, in years, of the Standard Offer Contract, and;
- O** = the monthly fixed operation and main-tenance component of the capacity payments, calculated in accordance with calculation of value of deferral levelized capacity payments or with calculation for early levelized capacity payments.

#### SURETY BOND REQUIREMENTS RISK-RELATED GUARANTEES

With the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091, FPSC Rule 25-17.003(2)-(4)0832 paragraph (2)(c), (2)(d), (3)(e) and (3)(f), F.A.C., each requires that, when early capacity payments are elected, the QF must provide a surety bond or equivalent assurance of repayment of early capacity payments in the event the QF Qualifying Facility is unable to meet the terms and conditions of its Standard Offer Contract. Depending on the nature of the QF 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;
- (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 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 QF 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 QF Qualifying Facility, parent company, and/or subsidiary companies allowing the utility Company 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 QF 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 QF Qualifying Facility. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the QF Qualifying Facility and the Company's ratepayers.

**APPENDIX B**  
**FOR PURCHASE PURSUANT TO STANDARD OFFER CONTRACT, OF FIRM ENERGY AND CAPACITY**  
**FROM QUALIFYING COGENERATION AND**  
**SMALL POWER PRODUCTION FACILITIES SMALLER THAN 75 MW IN SIZE**  
**SCHEDULE COG-3**

**NORMAL PAYMENT OPTION PARAMETERS**

Where, for a one year deferral:

		<u>Value</u>
VAC <sub>m</sub>	= utility's <u>Company's</u> value of avoided capacity and O&M, in dollars per kilowatt per month, during month m; <u>24.61</u>	14.87
C	= <del>a constant risk multiplier for the purpose of the utility's standard offer contract;</del>	<del>0.8</del>
K	= present value of carrying charges for one dollar of investment over L years with carrying charges <u>computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year; assumed to be paid at the end of each year;</u>	<u>1.594</u> 1.532
L	= total direct and indirect cost, in <u>mid-year</u> dollars per kilowatt including AFUDC but excluding CWIP, of the <u>statewide Company's</u> a <u>Avoided uUnit</u> with an in-service date of year n;	<u>1.749</u> 1.680
O <sub>n</sub>	= total first year's fixed and variable operating and maintenance expense, less fuel and in <u>mid-year</u> dollars per kilowatt per year, of the <u>statewide Company's</u> a <u>Avoided uUnit</u> deflated to the beginning of the year n by 1;	<u>119.81</u> 72.00
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the <u>statewide Company's</u> a <u>Avoided uUnit</u> ;	<u>5.0%</u> 5.6%
i <sub>o</sub>	= annual escalation rate associated with the operation and maintenance expense of the <u>statewide Company's</u> a <u>Avoided uUnit</u> ;	<u>5.1%</u> 5.4%
r	= annual discount rate, defined as the <u>utility's Company's</u> incremental after-tax cost of capital;	<u>10.41%</u> 10.18%
L	= expected life of the <u>statewide Company's</u> a <u>Avoided uUnit</u> ;	30
n	= year for which the <u>statewide Company's</u> a <u>Avoided uUnit</u> is deferred starting with its original anticipated in-service date and ending with the termination of the <u>Standard Offer</u> o <u>Contract</u> ; for the purchase of firm energy and capacity;	<u>1997</u> 1996

**EARLY PAYMENT OPTION PARAMETERS**

A <sub>m</sub>	= monthly avoided capital cost component of capacity payments to be made to the Q <u>Qualifying Facility</u> starting as early as <u>five</u> years prior to the anticipated in-service date of <u>statewide Company's</u> a <u>Avoided uUnit</u> , in dollars per kilowatt per month;	<u>7.02</u> 5.50
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the <u>statewide Company's</u> a <u>Avoided uUnit</u> ;	<u>5.0%</u> 5.6%
n	= year for which early capacity payments to a <u>Qualifying Facility</u> are made to begin;	1991
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 <u>statewide Company's</u> a <u>Avoided uUnit</u> and continued for a period of 20 years;	<u>2,769,941,682.62</u>
r	= Annual discount rate, defined as the <u>utility's Company's</u> incremental after-tax cost capital;	<u>10.41%</u> 10.18%
t	= the term, in years, of the <u>Standard Offer</u> c <u>contract</u> for the purchase of firm capacity commencing prior to the in-service date of the <u>statewide Company's</u> a <u>Avoided uUnit</u> ;	<u>26</u> 25
Ω	= <u>the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 20 years.</u>	<u>1,561.55</u>

**APPENDIX C**  
**VALUE OF CAPACITY LOCATION**  
**YVESSE MARTIN SITE**