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TALLAHASSEE

November 21, 1990

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HAND DELIVERED

Mr. Steve Tribble, Director  
Division of Records and Reporting  
101 East Gaines Street  
Tallahassee, Florida 32399

Re: Docket No. 900004-EU, Hearings on load forecasts,  
generation expansion plans and cogeneration prices  
for Peninsular Florida's electric utilities.

Dear Mr. Tribble:

Enclosed for filing and distribution is the original and 15  
copies of Nassau Power Corporation's Motion to Confirm Capacity  
Commitment and to Acknowledge Corrected Page in the above docket.

Also enclosed is an extra copy for acknowledgement of receipt;  
please return it to me.

ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU \_\_\_\_\_  
CTR JAM/jfg  
EAG Enclosures  
LEG 1 n/m  
LIN 6  
OP# \_\_\_\_\_  
RCH \_\_\_\_\_  
SEC 1  
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

Yours truly,

*Joseph A. McGlothlin*  
Joseph A. McGlothlin

RECEIVED & FILED

22  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

10443 NOV 21 1990

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Hearings on load forecasts, ) DOCKET NO. 900004-EU  
generation expansion plans and )  
cogeneration prices for Peninsular ) FILED: November 21, 1990  
Florida's electric utilities. )  
\_\_\_\_\_)

**MOTION TO CONFIRM CAPACITY  
COMMITMENT AND TO ACKNOWLEDGE CORRECTED PAGE**

For the reasons stated below, Nassau Power Corporation ("Nassau"), through its undersigned attorney, hereby moves for an order confirming Nassau's standard offer contract as a commitment to deliver 435 megawatts of capacity and acknowledging the correction of a scrivener's error in the contract. The basis for the motion is set forth in the following memorandum.

MEMORANDUM

Background

On June 13, 1990, Nassau Power Corporation executed a standard offer contract with FPL to deliver the capacity from a 435 megawatt generator which Nassau proposes to build on Amelia Island, Nassau County, Florida.

The format of FPL's standard offer form contract requires the QF to first state the maximum size and output of its generator, and commits FPL to purchase all power delivered to FPL from that facility (Paragraphs 1,3). A separate paragraph calls for the QF to quantify the firm capacity it intends to commit from the

DOCUMENT NUMBER-DATE

10443 NOV 21 1990

FPSC-RECORDS/REPORTING

generator identified in the earlier paragraph, subject to a one-time opportunity to change the commitment prior to the commercial in-service date or January 1, 1994, whichever comes first. (Paragraph 4.2.2).

Nassau Power identified the maximum output of its generator as 500,000 kilowatts and 585,600 KVA. (Attachment A).

In the later, separate paragraph 4.2.2 of the contract, Nassau reverted to the far more common practice of measuring the capacity of large generators in units of megawatts<sup>1</sup> and entered "435" in the blank on the form contract. Through a scrivener's oversight, the unit of measurement "MW" used to measure the committed capacity was not entered. The blank in the form contract was followed by a printed "KW." In other words, there is an inadvertent discrepancy between the units of measurement used by Nassau and that which was contemplated by the form contract.

Nassau became aware of the scrivener's error after it received late-filed Exhibit 19, in Docket No. 890779-EU. In that docket, FPL witness Mr. Adjemian compiled a list of announced QF projects in north Florida. On the exhibit, he referred to Nassau's standard offer submittal as 435 kilowatts; however, in the calculation of the aggregate impact of the additional projects on import capacity, he assumed delivery of 435 megawatts from Nassau's unit.

On October 8, 1990, Nassau submitted to FPL (with a copy to Staff) a corrected page designed to clarify its capacity commitment

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<sup>1</sup> The Commission may officially recognize the practice of measuring the capacity of large generators in megawatts.

by supplying in paragraph 4.2.2 the inadvertently omitted "MW." In its letter of transmittal, Nassau observed that a simple reference to the entire contract document and the accompanying interconnection agreement reveals the obvious, governing intent of Nassau to commit to deliver 435 megawatts. Additionally, Nassau pointed out that the 435 megawatt figure had been referenced in the letter of Nassau's President transmitting the contract to FPL (Attachment B); and that FPL's own witness had assumed delivery by Nassau of 435 megawatts, notwithstanding the inadvertent omission of that unit of measurement in paragraph 4.2.2. (Attachment C). Nassau requested FPL to substitute the corrected page for the one containing the scrivener's error.

However, while FPL has recognized the amount of capacity to be delivered by Nassau as 435 megawatts for other purposes, it has declined to acknowledge Nassau's capacity commitment of 435 megawatts in paragraph 4.2.2. FPL's response to Nassau was crystallized in its position statement on October 24, just prior to the oral presentations on subscription priority. FPL incorrectly referred to Nassau's contract as a commitment to provide 435 kilowatts. Nassau noted the absurdity of FPL's reference in its own position statement, which was filed on the same date.

The oral presentations of October 26, 1990 focused on the overall criteria which should be used for queuing all of the contracts. During the week that followed the presentations, Nassau informed Staff that, in light of FPL's reference, Nassau intended to file a pleading designed to be the procedural vehicle for a

ruling confirming Nassau's capacity commitment, but that it could not be filed prior to the November 1 special agenda conference.

On November 1, Staff recommended that Nassau be assigned priority to 435 MW of the 500 MW statewide avoided unit. Nassau believes that the view that Nassau's contractual commitment of 435 MW of capacity was clear, notwithstanding the inadvertent omission of the unit of measurement, was implicit in that recommendation. The Commission approved the Staff's recommendation.

#### ARGUMENT

This motion is filed in an abundance of caution. It is also filed with the expectation that it may be regarded as superfluous.

However, in view of the fact that FPL has referred to Nassau's contract as 435 kilowatts, Nassau deems it necessary to obtain an explicit ruling on the matter. While Nassau believes that this amount of attention should be unnecessary to resolve a mere inadvertence where the intent is clear, and believes that similar sentiments were reflected in the Staff's recommendation of November 1, Nassau is also aware that the presentations of October 26 focused on the overall issue of the criteria governing contract prioritization. In the event FPL may regard the matter as unresolved, or in the event the Commission believes the matter was not adequately developed for its decision, the purpose of this motion is to put those matters to rest.

### Legal Considerations

The question presented by FPL's refusal to date to acknowledge Nassau's standard offer commitment of 435 megawatts is whether, under controlling principles of law, an inadvertent scrivener's error will defeat the obvious intent of the contract. The answer is no.

It is axiomatic that, in construing a contract, it is intent that governs. Bal Harbour Shops, Inc. v. Greenleaf & Crosby, 274 So.2d 13 (Fla. 3d DCA 1973). It is equally axiomatic that in gleaning the governing intent it is necessary to look to the entire document. Jacobs v. Parodi, 39 So. 833 (Fla. 1905); 11 Fla. Jur. 2d 420, "Contracts" § 121.

Further, it is a cardinal principle of contract construction that the reviewing forum will place itself in the parties' positions and assume that a reasonable, not an absurd, result was intended. Jacobs v. Parodi, supra. When interpreting a contract, the reviewing forum has the ability to supply missing words or to use the intended words to give effect to the parties' intent:

A written contract should be construed according to the obvious intention of the parties, notwithstanding clerical errors or inadvertent omissions therein which can be corrected by perusing the whole instrument. If an improper word has been used or a word omitted, the court will strike out the improper word or supply the omitted word if from the context it can ascertain what word should have been used. Obvious mistakes in the use of words may be corrected, and an omission in a contract may always be supplied if from the context it appears with certainty what word or words were inadvertently omitted.

17 Am Jur 2d 693, "Contracts" § 280. See Bennett v. Williams, 5 So.2d 51 (Fla. 1941), in which the word "percent", though inadvertently omitted, was obviously intended and so construed.

If one clause of a contract is repugnant to another, an attempt must be made to provide a reasonable construction that will reconcile or harmonize them. 11 Fla. Jur. 2d, "Contracts" § 118. If the contract refers to and sufficiently describes another document, that document can properly be used as an aid in determining intent. Quarngesser v. Appliance Buyers Credit Corporation, 187 So.2d 662 (Fla. 3d DCA 1966). If one party knows or has reason to know what is intended by the other party, that too has a bearing on the determination of intent. 3 Corbin on Contracts, § 538, p. 70 (1990). In addition, subsequent actions of parties to the contract which show the construction they placed on the document can be considered in the determination of the intent. Lalow v. Codomo, 101 So.2d 390 (Fla. 1958).

When Nassau's entire standard offer contract and documents to which that contract refers are taken into account, the thousandfold disparity between the stated maximum output of the unit (500,000 kilowatts) which is to be delivered under the contract and the related high capacity interconnection facilities, on the one hand, and the inadvertent omission in the entry of Paragraph 4.2.2. on the other, creates an inconsistency and ambiguity--in fact, a potential absurdity repugnant to the principles of contract construction--which calls for the application of these principles. It requires the consideration of the object of the contract and the

surrounding circumstances in order to illuminate Nassau's intent and the proper construction of the contract.

Alternatively, the legal principle of "equitable reformation" is available to correct a contract document which, through inadvertence, does not accurately reflect the intent of the parties. Jacobs v. Parodi, supra; Providence Square, Inc. v. Biancardi, 507 So.2d 1366 (Fla. 1987); 2A. Corbin, Corbin on Contracts, § 335 (1990). For this purpose, parol evidence can be used to determine the intent. ("Reformation" does not change the time of execution of the contract or alter the terms of the agreement; it simply corrects a document which by reason of mistake or error fails to accurately reflect the governing intent. Providence Square, supra). The capacity commitment of a standard offer contract is designated by the Qualifying Facility; therefore, Nassau's intent governs. FPL's refusal to acknowledge the 435 megawatt commitment, when it has more than ample reason to know that was Nassau's intent--and at the same time it assumes delivery of 435 MW for other purposes<sup>2</sup>--constitutes inequitable conduct which would warrant reformation. Providence Square, supra.

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<sup>2</sup> In addition to the use of 435 megawatts in Mr. Adjemian's calculations, supra, FPL has recently questioned the adequacy of the heavy-duty interconnection configuration proposed by Nassau--another indication that it expects delivery of 435 megawatts, not kilowatts. Letter of September 17, 1990 from Nassau's engineer to FPL (Attachment CC); FPL's Statement of Issues and Positions, filed October 24, 1990, p. 3.



The following facts demonstrate that the only reasonable construction of the contract is that the June 13 commitment is for 435 megawatts of firm capacity:

- Nassau President David Dewhurst referred to the 435 megawatt figure in the letter by which the contract was transmitted to FPL;

- Nassau's standard offer contract refers to an interconnection agreement, which Nassau tendered with the standard offer contract. The expensive (\$20 million), large capacity (230 KV) facilities deemed by Nassau to be necessary to the interconnection of the unit in order to accommodate the committed capacity would be ludicrous if installed to accommodate a commitment of only 435 kilowatts. (Attachment D);

- Nassau announced a commitment of 435 megawatts in its contemporaneously prepared Notice of First Execution, which was submitted to the Commission on June 15, 1990. (Attachment E)

- Nassau President David Dewhurst again referred to the standard offer contract as one for 435 megawatts in an affidavit executed on June 15, 1990. The affidavit was subsequently submitted to the Commission in an Appendix to the Notice of First Execution. (Attachment F);

- The standard offer contract requires a minimum 70% annual capacity factor. If Nassau were to operate its unit at the maximum output stated in the contract, it would generate more energy in seven hours than would be associated with a commitment of 435 kilowatts maintaining a 70% capacity factor over a year. Further,

the "parasitic load" (capacity diverted to operate appurtenant facilities) associated with a 500,000 KW unit amounts to approximately 12,000 kilowatts--another indication of the absurdity of the premise that Nassau would build a unit of this size to deliver 435 kilowatts. Additionally, it would be physically impossible with existing control systems to stably control the output of a 435 megawatt unit with required frequency and voltage at a level of only 435 kilowatts. (See Affidavit of Phillip N. Cantner, Attachment G);<sup>3</sup>

- The interpretation of a commitment of 435 kilowatts would absurdly ascribe to Nassau an intent to build a 500,000 kilowatt facility, spend \$20 million to interconnect it, and then be compensated for less than 1/1000 of the unit's capacity. This interpretation would imply an intent to enter a financial absurdity as well as a physical absurdity.

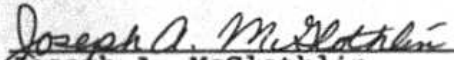
Nassau submits that these overwhelming indications of the governing intent indisputably demonstrate that the June 13, 1990 commitment was to deliver 435 megawatts of capacity. In order to overcome the continuing, unreasonable refusal of FPL to acknowledge that commitment--and to put to rest the absurd construction FPL apparently wishes to attach to a mere scrivener's error--Nassau is entitled to an explicit ruling confirming that its June 13 contract includes a commitment of 435 megawatts of firm capacity. The Commission and parties can then return to the significant questions

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<sup>3</sup> Mr. Cantner's executed affidavit will be filed separately.

of policy and fact now pending in dockets which affect Nassau's contract and other proposed sources of capacity.

WHEREFORE, Nassau Power Corporation requests the Commission to enter an order (1) confirming that Nassau's June 13, 1990 standard offer contract is to deliver 435 megawatts of firm capacity, and (2) acknowledging a corrected page designed to correct the scrivener's error and clarify the commitment of 435 megawatts of firm capacity.

  
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Motion to Confirm Capacity Commitment and to Acknowledge Corrected Page has been furnished by hand delivery\* or by U.S. Mail to the following parties of record, this 21st day of November, 1990:

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Joseph A. McGlothlin

**Attachments to  
Nassau Power Corporation's  
Motion to Confirm Capacity  
Commitment and to Acknowledge Corrected Page**

- Attachment A**      **Nassau's Standard Offer Contract**
- Attachment B**      **Letter from David Dewhurst to to G. R. Cepero transmitting Nassau's Standard Offer Contract and Interconnection Agreement**
- Attachment C**      **FPL's witness K. Adjemian's Late Filed Exhibit No. 19, Docket No. 890799-EU**
- Attachment CC**     **Letter to FPL providing additional information for interconnection design**
- Attachment D**      **Nassau's Interconnection Agreement**
- Attachment E**      **Nassau's Notice of First Execution and Demand for Subscription Status**
- Attachment F**      **Affidavit of David H. Dewhurst**
- Attachment G**      **Affidavit of Phillip N. Cantner (to be provided separately)**

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 9.850  
Cancel's Second Revised Sheet No. 9.850

STANDARD OFFER CONTRACT FOR THE PURCHASE OF  
FIRM CAPACITY AND ENERGY FROM A QUALIFYING FACILITY

THIS AGREEMENT is made and entered into this 13 day of June, 1990 by and between Nassau Power Corporation hereinafter referred to as "QP" 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 QP and FPL shall collectively be referred to herein as the "Parties".

WITNESSETH:

WHEREAS, QP desires to sell, and FPL desires to purchase electricity to be generated by the QP consistent with Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.087 of Order No. \_\_\_\_\_, Docket No. 900004-ET; and

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

WHEREAS, the FPSC has approved this following Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility;

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

1. Facility

QP contemplates installing and operating a 586,500 KVA 3-phase generator located at Amelia Island, Nassau County, Florida. The generator is designed to produce a maximum of 500,000 kilowatts (KW) of electric power at an 85% power factor, such equipment being hereinafter referred to as "Facility."

2. Term of the Agreement

This Agreement shall begin immediately upon its execution by the parties and shall end at 12:01 a.m., December 31, 2015.

Notwithstanding the foregoing if construction and commercial operation of the Facility are not accomplished by QP before January 1, 1996, this Agreement shall be rendered of no force and effect.

3. Sale of Electricity by QP

FPL agrees to purchase all of the electric power generated at the Facility and transmitted to FPL by QP. The purchase and sale of electricity pursuant to this Agreement shall be construed as a ( ) net billing arrangement or (X) simultaneous purchase and

(Continued on Sheet No. 9.851)

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 9.851  
Cancel Second Revised Sheet No. 9.851

(Continued from Sheet No. 9.850)

rate arrangements. The billing methodology may be changed at the option of the QF, subject to the following provisions:

- (8) run more frequently than once every twelve months;
- (9) coincide with the next Fuel and Purchased Power Cost Recovery Factor billing period;
- (10) upon at least thirty days advance written notice to the Company;
- (11) 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;
- (12) 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

(13) upon the election to change billing methods will not antevolve the provisions of the tariff under which the Facility receives electrical service, or any previously agreed upon contractual provision between the QF and the Company.

4. Payment for Interim Production by QF

4.1 Payment

FPL agrees to pay the QF for the energy produced by the Facility and delivered to the Company in accordance with the rates and procedures contained in Rate Schedule COG-2 attached hereto as Appendix B, and as may be amended from time to time. Prior to January 1, 1996, QF will receive energy payments based on FPL's actual avoided energy cost. After January 1, 1996 QF's energy payments will be based on the lesser of FPL's actual avoided fuel cost or the fuel cost of the Statewide Avoided Unit as defined in COG-2, such comparison to be made hourly.

4.2 Capacity

4.2.1 Capacity Payment. FPL agrees to pay QF for the capacity described in Paragraph 4.2.2 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 A of Rate Schedule COG-2.

4.2.2 Committed Capacity. It is the intent of QF to sell 435 KW of committed capacity, beginning on JANUARY 1, 1996. QF shall have the one time option of finalizing its committed capacity after initial Facility testing and capacity when capacity payments are to begin. Such option shall be exercised by providing formal written notice, in accordance with Paragraph 9.7, indicating FPL of any change in the committed capacity 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, 1994, whichever occurs first, the committed capacity specified in this Paragraph shall be considered as the QF's committed capacity.

(Continued on Sheet No. 9.852)



(Continued from Sheet No. 9.851)

5. 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. 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, 1996. The Parties recognize that capacity payments paid through December 31, 1995, 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, 1992, 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, 1996, 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, 1996, 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

(Continued on Sheet No. 9.853)

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 9.853  
Cancels Second Revised Sheet No. 9.853

(Continued from Sheet No. 9.852)

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:

Not Applicable

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. Non-Performance Provisions

QF shall not receive a capacity payment during any month in which the twelve months 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 20 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.

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 make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due.

(Continued on Sheet No. 9.854)

Issued by: R. E. Tallon, President  
Effective:

(Continued from Sheet No. 9.853)

(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.

9. General Provisions

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

9.2 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.

9.3 Renegotiations Due to Regulatory Changes. Anything in this Agreement to the contrary notwithstanding, should FPL at any time during the term of this Agreement fail to obtain or be denied the FPSC's authorization, or the authorization of any other regulatory body which now has or in the future may have jurisdiction over FPL's rates and charges, to recover from its customers all of the payments required to be made to QF under the terms of this Agreement or any subsequent amendment to this Agreement, the parties agree that, at FPL's option, they shall renegotiate this Agreement or any applicable amendment. If FPL exercises such option to renegotiate, FPL shall not thereafter be required to make such payments to the extent 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 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

(Continued on Sheet No. 9.855)

(Continued from Sheet No. 9.854)

by FPL for purchases from the QF, or alternatively, shall be repaid by the QF.

**9.4 Force Majeure.** If either Party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the Party so falling 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, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by Federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea, accidents to equipment or machinery or similar occurrences; provided, however, that no occurrences may be claimed to be a force majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the Party attempting to make such claim. 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.

**9.5 Assignment.** The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without FPL's prior written approval.

**9.6 Disclaimer.** In executing this Agreement, 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 QF or any assignee of this Agreement.

**9.7 Notification.** All formal notices affecting the provisions of this Agreement shall be delivered in person or sent by registered or certified mail to the parties designated below. The parties designate the following 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.

(Continued on Sheet No. 9.856)

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 9.856

(Continued from Sheet No. 9.855)

For QF:

For FPL:

Nassau Power Corporation

Attention: President

5 Post Oak Park, Suite 1400

Houston, Texas 77027

**9.8 Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

**9.9 Severability.** If any part of this Agreement, for any reason, be 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, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.

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

**9.11 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-2 as approved and on file with the FPSC. The Rate Schedule is incorporated herein by reference.

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

(Continued on Sheet No.9.857)

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 9.857

(Continued from Sheet No. 9.856)

IN WITNESS WHEREOF, QP, and FPL executed this Agreement this 13<sup>th</sup> day of June, 1990.

WITNESS:

FLORIDA POWER & LIGHT COMPANY (FPL)

\_\_\_\_\_

\_\_\_\_\_

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

WITNESS:

NASSAU POWER CORPORATION (QP)

Sant W. McCallan

Philip D. Hensell

Date: June 13, 1990

4:18 pm est

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 10.200  
Cancels Second Revised Sheet No. 10.200

STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM QUALIFYING COGENERATION AND  
SMALL POWER PRODUCTION FACILITIES  
(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.

APPLICABLE

To any cogeneration or small power production Qualifying Facility, irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract" or a separately negotiated contract. Firm Capacity and Energy are described by the FPSC Rule 25-17.083, F.A.C., and are capacity and energy produced and sold by a Qualifying Facility pursuant to a negotiated or standard Company contract offer and subject to certain contractual provisions as to quantity, time, and reliability of delivery. Criteria for achieving Qualifying Facility status shall be those set out in FPSC Rule 25-17.080, F.A.C.

CHARACTER OF SERVICE

Purchases within the territory served by the Company shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage. Purchases from outside the territory served by the Company shall be three phase, 60 hertz, alternating current at the voltage level available at the interchange point between the Company and the entity delivering 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 25-17.080 through 25-17.087, 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
- 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.
- C. Provide capacity which would not result in exceeding the subscription limit for the State (i.e., a 1996 statewide capacity deficit of 500 MW) as identified in the FPSC Order No. \_\_\_\_\_.

RATE FOR PURCHASES BY THE COMPANY:

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional generating capacity in Florida. For the purpose of this schedule, a Statewide Avoided Unit has been designated by the FPSC. The most Statewide Avoided Unit has been identified as a single 500 MW coal-fired generating unit with an in-service date of January 1, 1996, 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" pursuant to FPSC Rules 25-17.080 through 25-17.087, F.A.C.

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 contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the Qualifying Facility has

(Continued on Sheet No. 10.201)

Issued by: R. E. Tallon, President  
Effective:

FLORIDA POWER & LIGHT COMPANY

Fourth Revised Sheet No. 10.201  
Cancels Third Revised Sheet No. 10.201

(Continued from Sheet No. 10.200)

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 Statewide Avoided Unit (i.e., through December 31, 2005). Payment schedules for longer contract terms will be made available to any Qualifying Facility upon request and may be calculated based on the methodologies described in Appendix A.

Solid Waste Facilities, as defined in FPSC Rule 25-17.091 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 rate schedule.

**Option A - Fixed Value of Deferral**

Payment schedules under this option are based on the value of a year-by-year deferral of the Statewide Avoided Unit with an in-service date of January 1, 1996, calculated in accordance with FPSC Rule 25-17.083 F.A.C., as described in Appendix A. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the "Standard Offer Contract".

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

**MONTHLY CAPACITY PAYMENT IN \$/KW/MONTH  
1996 STATEWIDE AVOIDED COAL UNIT (500 MW)  
STANDARD OFFER - 0.8 RISK FACTOR  
AVOIDED CAPACITY PAYMENTS (\$/KW/MONTH)**

Contract Year	Normal Payment Starting 01/01/96	Early Payment Starting				
		01/01/95	01/01/94	01/01/93	01/01/92	01/01/91
1990						
1991						\$ 5.50
1992					\$ 6.21	5.81
1993				\$ 7.01	6.56	6.14
1994			\$ 7.93	7.40	6.92	6.48
1995		\$ 8.99	8.38	7.82	7.31	6.85
1996	\$ 14.87	14.15	13.50	12.91	12.37	11.88
1997	15.69	14.93	14.25	13.62	13.06	12.54
1998	16.56	15.76	15.04	14.38	13.78	13.23
1999	17.48	16.63	15.87	15.17	14.54	13.96
2000	18.45	17.55	16.74	16.01	15.34	14.73
2001	19.47	18.53	17.67	16.90	16.19	15.55
2002	20.55	19.55	18.65	17.83	17.09	16.41
2003	21.69	20.63	19.68	18.82	18.03	17.31
2004	22.89	21.77	20.77	19.86	19.03	18.27
2005	24.16	22.98	21.92	20.95	20.08	19.28
2006	25.49	24.25	23.13	22.11	21.19	20.34
2007	26.90	25.59	24.41	23.34	22.36	21.46
2008	28.39	27.01	25.76	24.63	23.59	22.65
2009	29.97	28.51	27.19	25.99	24.90	23.90
2010	31.63	30.08	28.69	27.42	26.27	25.22
2011	33.38	31.75	30.28	28.94	27.72	26.61
2012	35.23	33.51	31.95	30.54	29.26	28.08
2013	37.18	35.36	33.72	32.23	30.87	29.63
2014	39.24	37.32	35.58	34.01	32.58	31.27
2015	41.41	39.38	37.55	35.89	34.38	33.00

(Continued on Sheet No. 10.202)

Issued by: R. E. Tallon, President  
Effective:



FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 10.202  
Cancels Second Revised Sheet No. 10.202

(Continued from Sheet No. 10.201)

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 FPSC, to reflect the most recent factors affecting the cost of constructing the Statewide Avoided Unit. The Qualifying Facility shall select the month and year in which the delivery of Firm Capacity and Energy to the Company is to commence and capacity payments are to start pursuant to this option.

The methodology used to determine the level of payment each year is the same as that used in Option A of this schedule and is described in Appendix A. For informational purposes only, the current 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 FPSC 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										
	1990	1991	1992	1993	1994	1995	1996			
	4.35	4.43	4.51	4.61	4.70	4.71	5.86			
1997		1998	1999	2000	2001	2002	2003	2004		
	5.91	6.21	6.22	6.49	8.09	8.14	8.20	8.79		

(Continued on Sheet No. 10.203)

(Continued from Sheet No. 10.202)

**B. Energy Rates**

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

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 the region of the Company in which the Qualifying Facility is located. Energy payments to Qualifying Facilities located outside the Company's service territory 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 economy energy.

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

**(2) Payments Starting on January 1, 1996:**

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 Statewide Avoided Unit Fuel Cost. The Statewide Avoided Unit Fuel Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the average monthly inventory charge-out price of coal burned at the St. Johns River Power Park, (as can be calculated from the Company's Fuel Cost Recovery A-3 Schedule) in cents per million Btu; and (b) an average annual heat rate of 9.79 million Btu per megawatt-hour based on the 1996 500 MW Statewide Avoided Coal 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.

**ESTIMATED FIRM 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 .006¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/kWh	Off-Peak ¢/kWh	Average ¢/kWh
April 1, 1990 - September 30, 1990	2.86	2.42	2.54
October 1, 1990 - March 31, 1991	3.13	2.42	2.59
April 1, 1991 - September 30, 1991	3.05	2.49	2.64
October 1, 1991 - March 31, 1992	3.35	2.49	2.70

A MW block size ranging from 249 MW to 392 MW has been used to calculate the estimated avoided energy cost.

The estimated avoided fuel costs associated with the Statewide Avoided Unit are as follows:

¢/kWh*									
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
2.10	2.21	2.34	2.47	2.62	2.74	2.84	3.02	3.19	3.38

\*Based on current estimates of the delivered price of coal to the St. Johns River Power Park coal-fired units.

(Continued on Sheet No. 10.204)

**FLORIDA POWER & LIGHT COMPANY**

Eightth Revised Sheet No. 10.204  
Cancels Seventh Revised Sheet No. 10.204

(Continued from Sheet No. 10.203)

**PERFORMANCE CRITERIA**

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

**A. Commercial In-Service Date**

Capacity payments shall not commence until the Qualifying Facility has attained and demonstrated commercial in-service status. The commercial in-service date of a Qualifying Facility shall be defined as the first day of the month following the successful completion of the Qualifying Facility'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.

**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 at all 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 use 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.

**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.

**DELIVERY VOLTAGE ADJUSTMENT**

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

<u>Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0126
Secondary Voltage Delivery	1.0723

**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.

(Continued on Sheet No. 10.205)

FLORIDA POWER & LIGHT COMPANY

Seventh Revised Sheet No. 10.205  
Cancels Sixth Revised 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.**

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 a 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.

**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	G.LD-3	400.00
GSLD-1	41.00	CS-3	400.00
GSLDT-1	41.00	CST-3	400.00
CS-1	110.00	GSLDT-3	400.00

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

The Qualifying Facility shall bear the cost required for interconnection including the metering. The Qualifying Facility shall have the option of payment in full for interconnection or making equal monthly installment payments over a thirty-six (36) month period together with 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 payment.

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

The Qualifying Facility shall be billed monthly for the variable utility expenses associated with the operation and maintenance of the interconnection. These include (a) the Company's inspections of the interconnection and (b) maintenance of any 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 payment 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>
Metering Equipment	0.395%
Distribution Equipment	0.572%
Transmission Equipment	0.229%

**D. Taxes and Assessments**

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

(Continued on Sheet No. 10.206)

Issued by: R. E. Tallon, President  
Effective:

(Continued from Sheet No. 10.205)

TERMS OF SERVICE

- (1) It shall be the 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 the Qualifying Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable retail rate schedule shall pertain.
- (3) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C. and the following:
  - A. In the first year of operation, the security deposit should be based upon the singular month in which the 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 is required upon interconnection.
  - B. For each year thereafter, a review of the actual sales and purchases between the 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 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.
- (6) 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 agreeable to by the Company and 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 transmission service arrangements 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) 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 applicable pursuant to FPSC Order No. 14339; however 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.

(Continued on Sheet No. 10.207)

FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 10.207  
Cancel's First Revised 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  
SCHEDULE COG-2

APPLICABILITY

Appendix A provides a detailed description of the methodology used by the Company to calculate the monthly values of deferring the Statewide Avoided Unit referred to in Schedule COG-2. When used in conjunction with the current FPSC-approved cost parameters associated with the Statewide Avoided Unit contained in Appendix B, a Qualifying Facility may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the Qualifying Facility enter into a "Standard Offer Contract" with the 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 safety 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 25-17.653(7) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a Qualifying Facility payment to the utility's standard offer shall be defined as the value of a year-by-year deferral of the Statewide Avoided Unit and shall be calculated as follows:

$$V/C_n = \frac{C}{12} \left[ K_n \left( \frac{1 - \left( \frac{1+r}{1+r} \right)^L}{1 - \left( \frac{1+r}{1+r} \right)^L} \right) + O_n \left( \frac{1+r}{1+r} \right) \right]$$

Where, for a one year deferral:

- VAC<sub>n</sub> = utility's value of avoided capacity, in dollars per kilowatt per month, during month n;
- C = a constant risk multiplier equal to 0.8 for the purpose of the utility's standard offer agreement.
- K = present value of carrying charge for one dollar of investment over L years with carrying charges assumed to be paid at the end of each year;
- L = total direct and indirect cost, in dollars per kilowatt including AFUDC but excluding CVDF, of the statewide avoided unit with an in-service date of year n;

(Continued on Sheet No. 10.208)

FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 10.208  
Cancels First Revised Sheet No. 10.208

(Continued from Sheet No. 10.207)

- $O_n$  = total first year's fixed and variable operating and maintenance expense, less fuel and in dollars per kilowatt per year, of the statewide avoided unit deflated to the beginning of year  $n$  by  $i_p$ ;
- $i_p$  = annual escalation rate associated with the plant cost of the statewide avoided unit;
- $i_o$  = annual escalation rate associated with the operation and maintenance expense of the statewide avoided unit;
- $r$  = annual discount rate, defined as the utility's incremental after tax cost of capital;
- $L$  = expected life of the statewide avoided unit; and
- $n$  = year for which the statewide avoided unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm energy and capacity.

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

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

Where:

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

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

Where:

- $F_A$  = 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;

(Continued on Sheet No. 10.209)

FLORIDA POWER & LIGHT COMPANY

Fourth Revised Sheet No. 10.209  
Cancels Third Revised Sheet No. 10.209

(Continued from Sheet No. 10.208)

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

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

**CALCULATION OF 12 MONTH ROLLING AVERAGE CAPACITY FACTOR**

Pursuant to FPSC Rule 25-17.063(2) (a) (b), F.A.C., and Order 12347, Docket No. E30371-EU, 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 FPSC Rule 25-17.062 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(s) as soon as possible or practical, and the FPSC of the problems leading to the need for a cut relief.

During the first twelve months in which the 70 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 criteria became applicable by the product of: (1) the number of hours in the months which have transpired and in which deliveries were accepted by the Company; and (2) the maximum kilowatt capacity contractually committed by the Qualifying Facility. This calculation shall be performed each month until enough months have transpired to calculate a true 12 month rolling average capacity factor.

**SURETY BOND REQUIREMENTS**

FPSC Rule 25-17.063(3) (a), F.A.C., requires that, when early capacity payments are elected, the Qualifying Facility must provide a surety bond for equivalent assurance of repayment of early capacity payments in the event the Qualifying Facility is unable to meet the terms and conditions of its contract. Depending on the nature of the Qualifying Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's "Standard Offer Contract", one of the following may constitute an equivalent assurance of repayment:

- (1) Surety bond;
- (2) Factors;
- (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 Qualifying Facility to repay early capacity payments in the event of default in conjunction with a legally binding commitment from the owner(s) of the Qualifying Facility, parent company, and/or subsidiary companies allowing the utility to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that early capacity payments are repaid; or
- (6) Other guarantee acceptable to the Company.

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

(Continued on Sheet No. 10.210)



(Continued from Sheet No. 10.209)

APPENDIX B  
FOR PURCHASE OF FIRM ENERGY AND CAPACITY  
FROM QUALIFYING COGENERATION AND  
SMALL POWER PRODUCTION FACILITIES  
SCHEDULE COG-2

NORMAL PAYMENT OPTION PARAMETERS

Where, for a one year deferral:		Value
VAC <sub>m</sub>	= utility's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	14.87
C	= a constant risk multiplier for the purpose of the utility's standard offer contract;	0.8
K	= present value of carrying charge for one dollar of investment over L years with carrying charges assumed to be paid at the end of each year;	1.572
I <sub>n</sub>	= total direct and indirect cost, in dollars per kilowatt including AFUDC but excluding CWIP, of the statewide avoided unit with an in-service date of year n;	1689
O <sub>n</sub>	= total first year's fixed and variable operating and maintenance expense, less fuel and in dollars per kilowatt per year, of the statewide avoided unit deflated to the beginning of the year n by I <sub>n</sub> ;	72.99
I <sub>p</sub>	= annual escalation rate associated with the plant cost of the statewide avoided unit;	5.6%
I <sub>o</sub>	= annual escalation rate associated with the operation and maintenance expense of the statewide avoided unit;	5.4%
r	= annual discount rate, defined as the utility's incremental after tax cost of capital;	10.18%
L	= expected life of the statewide avoided unit;	30
n	= year for which the statewide avoided unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm energy and capacity;	1996

EARLY PAYMENT OPTION PARAMETERS

A <sub>m</sub>	= monthly avoided capital cost component of capacity payments to be made to the Qualifying Facility starting as early as five years prior to the anticipated in-service date of statewide avoided unit, in dollars per kilowatt per month;	5.50
I <sub>p</sub>	= annual escalation rate associated with the plant cost of the statewide avoided unit;	5.6%
n	= year for which early capacity payments to a Qualifying Facility are made;	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 statewide avoided unit and continued for a period of 20 years;	1687.62
r	= Annual discount rate, defined as the utility's incremental after tax cost capital;	10.18%
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.	25

FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 10.211  
Cancels First Revised Sheet No. 10.211

APPENDIX C  
STANDARD OFFER CONTRACT RATE  
FOR PURCHASE OF FIRM CAPACITY AND  
ENERGY FROM SOLID WASTE FACILITIES  
SCHEDULE COG-2

APPLICABILITY

This Appendix C contains special provisions for the purchase of Firm Capacity and Energy from Solid Waste Facilities as defined by FPS-C Rule 25-17.091, F.A.C.

OPTION D - ADDITIONAL CAPACITY INCENTIVES

Except as provided in subsections (3) - (6) of Rule 25-17.091, F.A.C., the provisions of Rules 25-17.080 - 25.17.089, F.A.C. apply to contracts for the purchase of energy and capacity from a Solid Waste Facility as defined by Rule 25-17.091, F.A.C. The additional provisions of subsections (3) - (6) of Rule 25-17.091, F.A.C. provide for:

- a) Use of a constant risk multiplier of 1.0;
- b) At the election of the Solid Waste Facility, early payment of the operating and maintenance components of the capacity payments, up to a Commission-designated number of years before the in-service date of the Statewide Avoided Unit(s), calculated in accordance with Rule 25-17.080(3), F.A.C.; and
- c) At the election of the Solid Waste Facility, either:
  1. Levelized capital payments computed in accordance with the Levelized Payment Calculation, or
  2. Early levelized capital payments up to a Commission-designated number of years before the in-service date of the Statewide Avoided Unit(s), computed in accordance with the Levelized Payment Calculation.

Located in the Advance Capacity Payment Section is an example calculation of the monthly capacity payments to the minimum contract term using a constant risk factor of 1.0, levelized and early levelized capital, and early O&M.

RATE FOR PURCHASES BY THE COMPANY:

Option D is available for payment of Firm Capacity which is produced by the Solid Waste Facility and delivered to the Company. Once selected, an option shall remain in effect for the term of the contract with the Company. While the minimum contract term is ten (10) years beyond the anticipated in-service date of the Statewide Avoided Unit(s), payment schedules for longer contract terms will be made available to a Solid Waste Facility upon request.

Levelized Payment Calculation

Levelized payments shall be calculated as follows:

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

Where:

$P_L$  = the monthly levelized capital portion of the capacity payment, starting no earlier than a Commission-designated number of years before the in-service date of the Statewide Avoided Unit(s)

$F$  = 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 the capacity payments not been levelized;

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

$t$  = the term, in years, of the contract for the purchase of capacity from the Solid Waste Facility.

Payment schedules under this option are based on the value of a year-by-year deferral of the Statewide Avoided Unit(s) with an in-service date of January 1, 1996, calculated in accordance with FPS-C Rule 25-17.091, F.A.C., as described above. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the contract with the Company.

(Continued on Sheet No. 10.212)

FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 10.212  
Cancels First Revised Sheet No. 10.212

(Continued from Sheet No. 10.211)

The Solid Waste 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 Solid Waste 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 contract. At the request of the Solid Waste Facility, the Company will provide a payment schedule based on the minimum required contract term which must extend at least ten (10) years beyond the anticipated in-service date of the Statewide Avoided Unit(s). The currently approved parameters used to calculate the following schedule of payments are found in Appendix B of this schedule, except as superseded by those parameters found in Appendix C of this schedule.

Early O&M Payment Calculation

Early O&M payments are calculated consistent with the formula for early capacity payments contained in Appendix A.

Advance Capacity Payments Calculation

Payment schedules under this option are based on the value of a year-by-year deferral of the Statewide Avoided Unit(s) with an in-service date of January 1, 1994, calculated in accordance with FPSC Rules 25-17.083(3) and 25-17.091(T), F.A.C., as described in Appendices A and C. Once this option is selected, the schedule of payments shall remain fixed and in effect through out the term of the contract with the Company.

The Solid Waste 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 Solid Waste 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 contract. The following exemplary payment schedule is based on the minimum required contract term which must extend at least ten (10) years beyond the anticipated in-service date of the Statewide Avoided Unit(s). The currently approved parameters used to calculate the following schedule of payments are found in Appendix B to this schedule, except as superseded by those parameters found in Appendix C to this schedule.

A Solid Waste Facility may elect either advance capacity payments or normal capacity payments pursuant to FPSC Rules 25-17.083(3) and 25-17.091(T), F.A.C.

(Continued on Sheet No. 10.213)

FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 10.213  
Cancels First Revised Sheet No. 10.213

(Continued from Sheet No. 10.213)

SAMPLE CALCULATION OF \*  
MONTHLY CAPACITY PAYMENTS IN \$&W/MONTH  
FOR PURCHASE OF FIRM CAPACITY FROM SOLID WASTE FACILITIES  
ELECTING THE STANDARD OFFER CONTRACT (SCHEDULE COG-2), OPTION  
UNIT TYPE: 500 MW STATEWIDE AVOIDED  
COAL UNIT (IN-SERVICE 1996)  
NO RISK FACTOR; EARLY O&M

Contract Year	Normal Payment Starting 01/01/96	Early Payment Starting				
		01/01/95	01/01/94	01/01/93	01/01/92	01/01/91
1990						
1991						\$ 10.03
1992					\$ 11.30	10.58
1993				\$ 12.76	11.93	11.17
1994			\$ 14.44	13.47	12.59	11.78
1995		\$ 16.36	15.24	14.21	13.29	12.44
1996	\$ 18.59	17.27	16.09	15.00	14.69	14.41
1997	19.62	18.23	16.98	15.84	15.51	15.21
1998	20.70	19.24	17.92	16.71	16.37	16.05
1999	21.85	20.30	18.91	17.64	17.27	16.94
2000	23.06	21.43	19.96	18.61	18.23	17.88
2001	24.34	22.61	21.06	19.65	19.24	18.87
2002	25.69	23.87	22.23	20.73	20.31	19.92
2003	27.11	25.1	23.46	21.88	21.43	21.02
2004	28.61	26.58	24.76	23.09	22.62	22.19
2005	30.19	28.05	26.13	24.37	23.87	23.42
2006	31.87	29.61	27.58	25.72	25.20	24.72
2007	33.63	31.25	29.10	27.15	26.59	26.09
2008	35.49	32.98	30.71	28.65	28.07	27.53
2009	37.46	34.81	32.42	30.24	29.62	29.06
2010	39.53	36.73	34.21	31.91	31.26	30.67
2011	41.72	38.77	36.11	33.68	33.00	32.37
2012	44.03	40.91	38.11	35.54	34.83	34.17
2013	46.47	43.18	40.22	37.51	36.76	36.06
2014	49.05	45.57	42.44	39.59	38.79	38.06
2015	51.76	48.10	44.79	41.78	40.94	40.17

(Continued on Sheet No. 10.214)

Issued by: R. E. Tallon, President  
Effective:

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 10.214  
Cancels Original Sheet No. 10.214

(Continued from Sheet No. 10.213)

1996 STATEWIDE AVOIDED COAL UNIT (500 MW)  
NO RISK FACTOR - LEVELIZED CAPITAL - EARLY O&M  
AVOIDED CAPACITY PAYMENTS (\$/KW/MONTH)

Contract Year	Normal Payment Starting 01/01/96	Early Payment Starting				
		01/01/95	01/01/94	01/01/93	01/01/92	01/01/91
1990						
1991						\$ 13.86
1992					\$ 15.61	14.03
1993				\$ 17.61	15.80	14.21
1994			\$ 19.71	17.82	16.00	14.40
1995		\$ 22.08	19.95	18.05	16.21	14.59
1996	\$ 24.79	22.36	20.21	18.29	16.44	14.80
1997	25.10	22.65	20.48	18.54	16.67	15.02
1998	25.43	22.96	20.76	18.81	16.92	15.26
1999	25.78	23.28	21.07	19.09	17.18	15.50
2000	26.15	23.62	21.38	19.39	17.46	15.76
2001	26.54	23.98	21.72	19.70	17.75	16.03
2002	26.95	24.36	22.07	20.03	18.06	16.32
2003	27.38	24.76	22.44	20.37	18.38	16.62
2004	27.83	25.18	22.84	20.74	18.72	16.94
2005	28.31	25.63	23.25	21.13	19.08	17.28
2006	28.82	26.11	23.69	21.53	19.46	17.64
2007	29.35	26.59	24.14	21.96	19.86	18.01
2008	29.91	27.11	24.63	22.41	20.28	18.40
2009	30.50	27.66	25.14	22.89	20.73	18.82
2010	31.12	28.23	25.68	23.39	21.20	19.26
2011	31.78	28.84	26.24	23.92	21.69	19.72
2012	32.47	29.49	26.84	24.47	22.21	20.20
2013	33.20	30.16	27.47	25.06	22.76	20.72
2014	33.97	30.88	28.13	25.68	23.33	21.26
2015	34.77	31.63	28.83	26.33	23.94	21.83

SURETY BOND OR EQUIVALENT ASSURANCE REQUIREMENT

Section 377.709(4), Florida Statutes (1988), requires the local government(s) to refund early capacity payments should a Solid Waste Facility be abandoned, closed down or rendered illegal. Although the Company may not now require a surety bond or equivalent assurance of repayment as specified in Rule 25-17.083(3), F.A.C., a Solid Waste Facility may elect to provide such surety bond or equivalent assurance of repayment pursuant to Rule 25-17.091(6), F.A.C.

SPECIAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: that Nassau Power Corporation, (the "Corporation"), a corporation duly organized, existing and operating under the laws of the State of Texas, pursuant to its Articles of Incorporation, By-Laws, and the applicable statutes of said state, does hereby nominate, constitute and appoint Sheila Stansell, as its true and lawful agent and attorney-in-fact, to execute, seal, and deliver for and on behalf of the Corporation and as its act and deed one "Standard Offer" Contract and one "Interconnection Agreement" between Nassau Power Corporation and Florida Power and Light Company during the week commencing June 11, 1990; and the Corporation acknowledges that the execution and delivery of said contract by said attorney-in-fact shall be binding upon the Corporation as fully and to all intents and purposes as if the same had been executed and delivered by a regularly elected officer of the Corporation acting on behalf of the Corporation.

This power of attorney shall be attached to said Contract and shall otherwise automatically expire on June 15, 1990 at 5:00 o'clock p.m. CDT.

IN WITNESS WHEREOF, the undersigned officer of the Corporation has hereunto subscribed his name this 11th day of June, 1990.

Signed, Sealed, and Delivered  
in the Presence of:

Queenie B. Booth

Yvonne Estrada

NASSAU POWER CORPORATION

By: David H. Dewhurst  
David H. Dewhurst  
as its President

Special Power of Attorney  
Page 2

STATE OF TEXAS  
COUNTY OF HARRIS

On this 11th day of June, 1990, before the undersigned authority, personally appeared David H. Dewhurst as President of Nassau Power Corporation, a Texas corporation, known to the undersigned to be the individual and officer subscribed in and who executed the foregoing Special Power of Attorney, and he acknowledged the execution of same and under oath stated that he is the officer of the Corporation and that the seal affixed thereto is the corporate seal of the Corporation, and that the same was affixed and subscribed by the authority and direction of said Corporation.

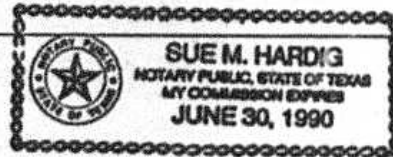
IN WITNESS WHEREOF, the undersigned has set his hand and affixed his official seal the day and year first above written.

*Sue M. Hardig*

Notary Public for the State of Texas

My Commission Expires: \_\_\_\_\_

Notary's Printed Name: \_\_\_\_\_



AFFIDAVIT

STATE OF FLORIDA  
COUNTY OF LEON


BEFORE ME, the undersigned authority, personally appeared Sheila Stansell, who, upon first being duly sworn, deposed and stated that she executed the foregoing Standard Offer Contract and Interconnection Agreement between Nassau Power Corporation and Florida Power and Light Company on behalf of Nassau Power Corporation at 4:18 a.m.-p.m. on June 13, 1990.

Further Affiant sayeth naught.

DATED at Allapassee, Florida, this 13<sup>th</sup> day of June, 1990.



Sworn to and subscribed before me  
this 13<sup>th</sup> day of June, 1990.

  
NOTARY PUBLIC  
State of Florida at Large  
My Commission Expires: Aug. 23, 1990  
Bonded thru Tery Felo - Insurance Inc.





June 13, 1990

Mr. G.R. Cepero  
Director of Fuel Resources  
Florida Power & Light Company  
9250 West Flagler Street  
Miami, Florida 33102-3847

Dear Mr. Cepero:

In accordance with Florida Public Service Commission Rule 25-17.080 *et seq.*, Nassau Power Corporation ("Nassau") hereby tenders its acceptance of Florida Power & Light Company's ("FPL") Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility in connection with its planned construction of a 435 MW gas-fired cogeneration facility ("Facility"). The Facility was certified as a "qualifying facility" on June 13, 1990, in accordance with regulations promulgated under the Public Utility Regulatory Policies Act of 1978, as amended ("PURPA"), 18 C.F.R., 292.207(a).

Additionally, Nassau hereby tenders an executed copy of FPL's Interconnection Agreement for Qualifying Facilities. Nassau requests that FPL make such interconnection pursuant to its obligation to do so under Section 210 of PURPA, 18 C.F.R., 292.303(c)(1). Nassau agrees to pay all reasonable expenses incurred by FPL in connection with the design, construction, operation, maintenance and repair of appropriate interconnection facilities that Nassau and FPL mutually agree are reasonably necessary for integration of the Facility into FPL's electrical system.

Nassau Power Corporation is a wholly-owned subsidiary of Falcon Seaboard Power Corporation, a company which over the past five years has developed five major cogeneration projects in three states and in Canada. The parent corporation owns extensive reserves of natural gas offshore Texas and Louisiana, onshore Texas, New Mexico, Colorado, the Mid-Continent, and Canada.

Mr. G.R. Cepero  
June 13, 1990  
Page Two

Attachment B  
Page 2 of 2

We believe the proposed Facility will provide FPL and its ratepayers with a reliable, low cost, and environmentally clean source of electric power. We look forward to working with you on this project. If you have any questions with respect to the enclosed, please do not hesitate to call.

Very truly yours,

NASSAU POWER CORPORATION



David H. Dewhurst  
President

DHD/jg  
enclosures

cc Florida Public Service Commission