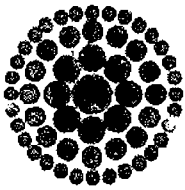


ORIGINAL
FILE COPY



**Florida
Power**
CORPORATION

JAMES A. MCGEE
SENIOR COUNSEL

January 21, 1997

970096-ED

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Petition for Expedited Approval of an
Agreement to Purchase the Tiger Bay
Cogeneration Facility and Terminate
Related Purchased Power Contracts by
Florida Power Corporation

Dear Ms. Bayó:

Enclosed for filing in the subject docket are an original and fifteen copies
of the subject Petition by Florida Power Corporation.

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

Very truly yours,

James A. McGee

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAL _____
- LEG _____
- LIN _____
- OPR _____
- RCR _____
- SEC _____
- WAS _____
- OTH _____

JAM/kp

Enclosures

cc: Parties of Record

GENERAL OFFICE

DOCUMENT NUMBER DATE

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FILE COPY

In re: Petition for expedited approval of an agreement to purchase the Tiger Bay cogeneration facility and terminate related purchased power contracts by Florida Power Corporation.

Docket No. _____

Submitted for filing:
January 22, 1997

P E T I T I O N

Florida Power Corporation (Florida Power or the Company) hereby petitions the Florida Public Service Commission (the Commission) for approval of an agreement, attached as Exhibit A, dated January 20, 1997 between Tiger Bay Limited Partnership and Florida Power (the Agreement) which provides for the purchase of the Tiger Bay cogeneration facility and related assets by Florida Power, thereby resulting in the termination of five separate purchased power agreements currently served by the Tiger Bay facility. Florida Power also requests that it be authorized to recover the Agreement's purchase price over a period not to exceed five years through the Capacity Cost Recovery clause and to recover the cost of fuel consumed by the Tiger Bay facility through the Fuel and Purchased Power Cost Recovery clause. Finally, Florida Power asks that the Commission expedite its consideration of this petition in order to satisfy the conditions precedent for closing the Agreement on or about July 1, 1997. Florida Power will submit the testimony and exhibits of its witnesses in support of this petition within a week of its filing. In further support hereof, Florida Power states as follows:

DOCUMENT NUMBER DATE

00728 JAN 22 5

Background

Florida Power is an electric utility subject to the Commission's regulatory jurisdiction pursuant to Chapter 366, Florida Statutes. Florida Power's principle place of business is located at 3201 34th Street South, St. Petersburg, Florida 33711. All pleadings, notices, orders or other documents required to be served in this docket should be addressed to the undersigned at the address shown therewith.

The Tiger Bay facility, located near Fort Meade in Polk County, Florida, delivers 217.75 megawatts of committed capacity to Florida Power under five purchased power agreements (PPAs) previously approved by the Commission. Three of the PPAs, totaling 171.6 MW, extend through 2024; one 40.15 MW PPA extends through 2025; the other PPA, for 6 MW, extends through 2004. Tiger Bay is Florida Power's largest qualifying facility (QF) supplier, with nearly twice the committed capacity of its next largest QF supplier, and represents over 20% of the total capacity delivered by all of Florida Power's QF suppliers.

The Tiger Bay facility is owned by Tiger Bay Limited Partnership, which is comprised of three general partners -- with Destec Energy, Inc. owning the largest share, 50.79% -- and one limited partner. Destec Operating Company operates the facility under an operating agreement with the partnership. The project is situated on land leased from US Agri-Chemicals Corporation, which is also the project's steam host. Both the land lease and the steam sales agreement run through 2025. Natural gas is supplied to the facility by Vastar Resources, Inc. (formerly ARCO Natural Gas Marketing, Inc.) under a long-term contract. Gas transportation is provided by the Florida Gas Transmission system.

Circumstances Leading to the Tiger Bay Purchase

For Florida Power's customers, long-term purchased power contracts represent one of the most significant, potentially unmanageable, types of sunk costs in excess of current avoided generation cost. Today, operating QFs account for about 1050 megawatts of firm purchased power commitments for Florida Power. These firm contracts represent roughly 11% of all the Company's capacity resources and provide approximately 22% of the total annual energy supplied by the Company to its customers. With hindsight, it is now known that the prices required to be paid to QF suppliers over contract terms as long as 30 years will be well above Florida Power's actual avoided cost as measured against the Company's new generation facilities to be located at its Polk County site.

Due to the payment structure of these purchased power agreements and financial structure of the QF projects, the sooner within the project life a buyout of the agreements or a purchase of the facilities occurs, the greater the benefit derived. For this reason, Florida Power has followed a strategy aimed at identifying QF suppliers that might be willing to renegotiate the terms of their purchased power agreements in ways that would mitigate these uneconomic obligations. Florida Power's more particular objectives have included reducing the Company's purchase obligations by shortening the terms of uneconomic purchased power agreements or purchasing the facilities outright, and by negotiating greater dispatch rights. Under this strategy, Florida Power has been able to reduce the cost of purchased power under several agreements, establish greater dispatch rights, and buyout or buydown several QF purchased power agreements. So far, Florida Power has entered into arrangements that are

estimated to save retail customers approximately \$1.5 billion. The current proposal to purchase the Tiger Bay project is a continuation of these efforts.

Florida Power began looking into the possibility of purchasing the Tiger Bay facility and terminating the PPAs during the second quarter of 1996. For a number of reasons, Tiger Bay was clearly the best candidate available to the Company. First, it is Florida Power's most expensive QF that is not owned by a municipality, with a composite escalation rate for capacity payments of more than 6%. The total cumulative cost of the Tiger Bay PPAs to Florida Power's customers is approximately \$2.5 billion above the Company's current estimate of avoided cost. Second, Tiger Bay is by far the largest of Florida Power's QF suppliers. Third, the Tiger Bay PPAs have the longest duration of any of Florida Power's QF contracts, thus providing cost savings that will be realized for a longer period of time. Early termination of this one uneconomic obligation will eliminate an estimated 27% of the costs above the current estimate of avoided cost after 2001.

In addition to these considerations, the Tiger Bay facility has a number of desirable characteristics which made this particular purchase attractive. Tiger Bay uses an advanced gas-fired combined cycle configuration with "F" technology that is well engineered and in good condition. Once acquired, it will be the most efficient generating unit on Florida Power's system. The facility is located within visual distance of Florida Power's Polk County generation site and offers the potential for savings from consolidated operations. Florida Power's Energy Supply staff is very familiar with the facility, its existing personnel and its operating requirements, and is of the opinion that the Tiger Bay facility would fit

well into the Company's fleet of generating units. In addition, Florida Power believes that it may be able to increase the output of the Tiger Bay facility by about 10 MW and improve the facility's heat rate with minimal additional cost. The plant is very attractive already, and these enhancements may bring even more benefits to Florida Power's customers in the future.

Florida Power considers this purchase to be a one-time opportunity that was facilitated, in part, by the Company's diligence in studying available purchase and buyout/buydown options and, in part, by fortuitous timing. Florida Power made a purchase offer to Tiger Bay just prior to the time that Destec Energy, its majority partner, was planning to solicit buyers for all of its assets. This meant that Tiger Bay's largest voting partner was in the market for this kind of transaction. If that had not been the case, Destec may have had no interest in selling off this individual project at the favorable price Florida Power was able to negotiate on behalf of its customers.

Florida Power's analysis to date has demonstrated that the Tiger Bay facility is a profitable and viable project that should be capable of operating efficiently and satisfying the terms of the PPAs. Because Florida Power will acquire and operate the generating plant, the viability of this facility is important from a reliability perspective. Moreover, the project's viability is particularly important in the context of terminating the PPAs because there would be little reason to pay the seller for termination rights if the project was not expected to continue in operation for the bulk of the PPAs' life or if the purchaser expected to avoid future obligations under the PPAs due to the seller's likely default of its contractual commitments.

The Terms of the Tiger Bay Purchase

Under the terms of the Agreement, Florida Power will purchase the Tiger Bay facility in its entirety. The assets to be acquired by Florida Power include Tiger Bay's generating facility (with all spare parts and permits), its land lease and steam sales agreement with US Agri-Chemicals, its gas supply and transportation contracts to fuel the facility, its operating agreement with Destec Operating Company and miscellaneous other contracts relating to the operation of the facility. Immediately after closing, the five PPAs will be terminated. In addition, the Agreement provides that Florida Power and Destec Operating Company each have the unilateral option to terminate the operating agreement nine months after closing, or earlier by mutual agreement.

The negotiated purchase price under the Agreement is \$445 million, plus an additional amount to reimburse Tiger Bay for certain commitments incurred for spare parts and equipment required to perform scheduled maintenance of the gas turbine in March and April 1998. The purchase price will be increased or decreased to reflect any difference between the project's accounts receivable and accounts payable at the time of the closing.

The Agreement provides for the transaction to be closed on or about July 1, 1997, subject to certain specified conditions, consents, regulatory approvals, and the successful completion of Florida Power's due diligence reviews. Principal among these conditions on Florida Power's obligation to close is this Commission's issuance of a final non-appealable order by July 1, 1997 approving recovery of the purchase price through additional rates over no more than five years. A more detailed description of the various conditions to closing and

Florida Power's due diligence activities will be provided in supporting testimony to be filed by Florida Power shortly after this petition.

Proposed Rate Treatment of the Tiger Bay Purchase

Under the proposed arrangement, Florida Power would recover the \$445 million Tiger Bay purchase price and associated financing costs (\$488 million total) from ratepayers through the Capacity Cost Recovery (CCR) clause over a period not to exceed five years. Florida Power asks that it be given the latitude to work with the Commission and Staff to manage the collection of the purchase price over this period in a manner that best mitigates its impact on the overall cost of electricity to customers. All other non-fuel costs associated with the acquisition and operation of the Tiger Bay facility will be absorbed initially by Florida Power's existing base rates. These costs include the facility's operation and maintenance expenses, site lease payments, property taxes, insurance, and the carrying cost of the deferred taxes associated with the purchase. Initially, these costs will total approximately \$10 million annually. Florida Power has no plans to seek an increase in its base rates in the foreseeable future.

Florida Power also seeks a determination by the Commission that the ongoing gas supply and transportation costs associated with the Tiger Bay facility are recoverable through the fuel adjustment clause in the same manner as any other fuel expense. While the gas supply costs under the Vastar Resources contract are expected to be high relative to the Company's current forecast of gas supply costs, it is necessary to incur these fuel costs in order to achieve the significant net savings to the ratepayer that result from the overall transaction.

Benefits of the Tiger Bay Purchase

Because customers will begin receiving savings from terminating the Tiger Bay PPAs during the initial five-year period, the net increase that they will be asked to pay for the Tiger Bay purchase over this period (as compared to their costs without the purchase) is \$256 million, or \$215 million on a net present value basis. In other words, the immediate benefits of the purchase offset almost \$233 million of the \$488 million purchase price and associated financing costs. In return for this five-year increase, customers will receive net savings of between \$2.0 to \$2.4 billion (\$280 to \$388 million net present value) as compared to the future cost obligations of the Tiger Bay PPAs, depending on when, if at all, Florida Power's base rates are increased to include the Tiger Bay facility's other non-fuel costs. Stated differently, by incurring these purchase price costs in order to avoid the significantly higher payments under the PPAs, the ratepayers achieve a benefit-to-cost ratio of between 8.9 to 10.4. In addition, customers will receive annual net savings from the transaction beginning in the sixth year.

The attached Exhibit B contains a calculation of the benefits of the Tiger Bay purchase in tabular form. Exhibit C shows these benefits graphically. A detailed explanation of the benefits of purchasing the Tiger Bay facility and their derivation will be provided in the supporting testimony and exhibits to be filed by Florida Power shortly after this petition.

Florida Power proposes that the purchase price be recovered entirely through the CCR clause. This recovery treatment is necessary in order to approximate, as closely as possible, the ratio of cost recovery between the CCR and the fuel adjustment that would have occurred under the PPAs, and is also consistent with

this Commission's recent practice regarding the assignment of cost responsibility between these two clauses when recovering allowable contract purchase or buyout costs.

In this case, Florida Power will replace the energy charges incurred under the existing PPAs with fuel costs incurred under Tiger Bay's natural gas contract, resulting in an increase in costs recovered through the fuel adjustment clause. This is because it is necessary for Florida Power to acquire Tiger Bay's existing gas supply contract in order to realize the more substantial capacity savings achievable through the purchase. Even before any recovery of the purchase price, these higher fuel costs, under the Company's proposal, will flow through the fuel adjustment clause and increase the ratio of energy versus capacity cost recovery. Placing a portion of the purchase price in the fuel adjustment as well would further exacerbate the relative shift in fuel cost responsibility from the capacity side to the energy side. The shift that already results from acquiring the Tiger Bay gas contract can be offset (but not eliminated) only by including the purchase cost on the capacity side, i.e., the CCR. Even by including all of the purchase price in the CCR, the shift toward a more heavily weighted energy recovery cannot be completely reversed, unless a portion of the fuel costs were allowed to be recovered through the CCR. In addition, recovery of the purchase price through the CCR allows the benefits and burdens of the purchase to be assigned to customers in a consistent manner, since all of the benefits are capacity related.

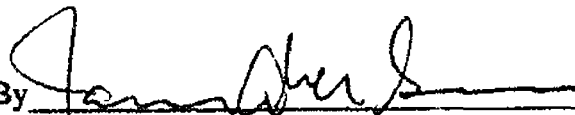
Expedited Consideration

Florida Power asks that the Commission expedite its consideration of this petition. As described above, the Agreement contemplates a closing on or about July 1, 1997 and establishes as a condition precedent to closing the issuance of a timely and final, non-appealable order by the Commission. Expedited consideration is essential in order to satisfy this condition and thereby capture this opportunity and preserve the benefits that will flow to the ratepayers from the Agreement.

WHEREFORE, Florida Power Corporation respectfully requests approval of the Agreement attached to this petition as Exhibit A and authorization to recover the purchase price of the Agreement over a period not to exceed five years through the Capacity Cost Recovery clause and to recover the cost of fuel consumed by the Tiger Bay facility through the Fuel and Purchased Power Cost Recovery clause. Florida Power further requests that this petition be given expedited consideration by the Commission, including setting this matter for hearing at the earliest practicable date.

Respectfully submitted,

**OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION**

By 

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Facsimile: (813) 866-4931

**Petition for Expedited Approval of an Agreement to
Purchase the Tiger Bay Cogeneration Facility and
Terminate Related Purchased Power Contracts
by Florida Power Corporation**

EXHIBIT A

TIGER BAY PURCHASE AGREEMENT

PURCHASE AGREEMENT

Dated as of January *20* 1997

among

TIGER BAY LIMITED PARTNERSHIP,

FPC ACQUISITION L.L.C.

and

FLORIDA POWER CORPORATION

PURCHASE AGREEMENT

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Assignment and Assumption

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Form of Opinion to Counsel to Tiger Bay
Limited Partnership

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Form of Opinion of Florida Counsel to
Tiger Bay Limited Partnership

Exhibit F

Form of Opinion of Counsel to FPC
Acquisition L.L.C. and Florida Power
Corporation

PURCHASE AGREEMENT

PURCHASE AGREEMENT (this "Agreement") dated as of the 20th day of January, 1997 among TIGER BAY LIMITED PARTNERSHIP ("Tiger Bay"), FPC ACQUISITION L.L.C. ("FPC") and FLORIDA POWER CORPORATION ("Guarantor").

RECITALS:

WHEREAS, Tiger Bay is the owner of a nominally rated 220 megawatt cogeneration power plant located in Polk County, Florida and certain other assets related thereto; and

WHEREAS, Tiger Bay wishes to sell certain of its assets, and FPC wishes to purchase said assets, on the terms herein set forth;

NOW, THEREFORE, in consideration of the mutual promises made herein, and subject to the conditions hereinafter set forth, the parties agree as follows:

ARTICLE I DEFINITIONS

SECTION 1.01 Definitions. The terms set forth below shall have the meanings ascribed to them in this Article I or in the part of this Agreement referred to below:

"Accounts Payable" has the meaning specified in Section 2.02(b)(i).

"Accounts Receivable" has the meaning specified in Section 2.02(b)(ii).

"Additional Assets" has the meaning specified in Section 2.02(a)(i).

"Additional Assets Charge" has the meaning specified in Section 2.02(a)(ii).

"Additional Inventory Contracts" has the meaning specified in Section 2.02(a)(ii).

"Affiliate" means, with respect to any entity, any other entity controlling, controlled by or under common control with such entity. As used in this definition, the term "control", including the correlative terms "controlling", "controlled by" and "under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"Agreement" means this Purchase Agreement.

"Allocation" has the meaning specified in Section 2.03.

"Appeal Period" has the meaning specified in Section 8.01(e).

"Assets" means the Plant, the Assigned Contracts, the Permits, to the extent assignable, and the Books and Records.

"Assigned Contracts" means the Material Assigned Contracts and the Other Assigned Contracts.

"Assignments" means, collectively, the forms of the (a) Assignment and Assumption attached as Exhibit A, (b) Leasehold Assignment and Substitution attached as Exhibit B and (c) Bill of Sale attached hereto as Exhibit C.

"Banks" has the meaning specified in Section 6.01(g).

"Best Efforts" means a party's best efforts in accordance with reasonable commercial practice and without the incurrence of unreasonable expense.

"Board Approval" has the meaning specified in Section 6.02(g).

"Books and Records" means the books, records, plans, specifications and drawings of Tiger Bay related to or required for the operation and maintenance of the Plant.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks in Houston, Texas, New York, New York, or St. Petersburg, Florida are authorized or required by law to be closed.

"Closing" has the meaning specified in Article III.

"Closing Date" has the meaning specified in Article III.

"Confidentiality Agreement" has the meaning specified in Section 5.02(c).

"Credit Agreement" has the meaning specified in Section 6.01(g).

"Credit Support Obligations" means any letters of credit, guarantees and security deposits created by or for the benefit of Tiger Bay with respect to any of the Assigned Contracts.

"Delivered Additional Inventory" has the meaning specified in Section 2.02(a)(ii).

"Engineering Opinion" has the meaning specified in Section 8.01(d)(ii).

"Environmental Claim" means and includes any investigation, notice of violation, demand, allegation, action, suit, injunction, judgment, order, consent decree, penalty, fine, lien, proceeding, or claim (whether administrative, judicial or private in nature) arising: (A) pursuant to, or in connection with, an actual or alleged violation of any Environmental Requirement; (B) in connection with any Hazardous Substance or actual or alleged activity associated with any Hazardous Substance; (C) from any abatement, removal, remedial, corrective, or other response action in connection with any Hazardous Substance, Environmental Requirement, or other order or directive of any Governmental Entity or regulatory entity; or (D) from any actual or alleged damage, injury, threat, or harm to health, safety, welfare, natural resources, or the environment.

"Environmental Requirement" means any applicable local, regional, state or federal statute, rule, regulation, order, decree, judgment, code, permit, by-law, variance, license or ordinance pertaining to: (A) occupational health; (B) the conservation management, or use of natural resources and wildlife; (C) the protection or use of surface water and ground water; (D) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation, or handling of, or exposure to, any Hazardous Substance; (E) pollution (including any release, direct or indirect, to air, land, surface water and ground water); or (F) land use, zoning or land development; and includes, without limitation, the following federal statutes (and their implementing regulations and the analogous state, regional and local statutes and regulations): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. § 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, as amended, 33 U.S.C. § 1251 et seq.; The Toxic Substances Control Act of 1976, as amended, 15 U.S.C. § 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. § 1100 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. § 7401, et seq.; the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. § 651 et seq.; and the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. § 300(f) et seq., and Chapters 373, 376 and 403, Florida Statutes.

"FERC" means the Federal Energy Regulatory Commission.

"FGT" means Florida Gas Transmission Company.

"FPSC" means the Florida Public Service Commission.

"Gas Sales Contract" means, collectively, (i) the Gas Sales and Purchase Contract dated September 22, 1993 between Tiger Bay and Vastar Gas Marketing, Inc. and (ii) the Parent Guaranty dated September 22, 1993 issued by Atlantic Richfield Company as supplemented by the letter agreement dated December 30, 1993 between Tiger Bay and Vastar Gas Marketing, Inc., each as amended through the date hereof.

"Gas Transportation Agreements" means (i) the Firm Transportation Service Agreement (Rate Schedule FTS-1) dated December 30, 1993 between Tiger Bay and FGT and (ii) the Firm Transportation Service Agreement (Rate Schedule FTS-2) dated December 30, 1993 between Tiger Bay and FGT, each as amended through the date hereof.

"Governmental Approval" means any permit, license, variance, certificate, consent, letter, clearance, closure, exemption, authorization, decision or action or approval of any federal, state, regional or local governmental authority with jurisdiction over any Environmental Requirement.

"Governmental Entity" means any court, governmental department, commission, council, board, agency or other instrumentality of the United States of America or any state, county, municipality or local government.

"Hazardous Substance" means any substance, chemical, compound, product, solid, gas, liquid, waste, by-product, pollutant, contaminant, or material which is defined, listed, designated or regulated as hazardous or toxic under any Environmental Requirement.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Lease" means the Lease Agreement dated June 15, 1993 between Tiger Bay and USAC, as amended through the date hereof.

"Legal Requirement" means any applicable law, statute, decree, judgment, rule, regulation, code, ordinance, permit, bylaw, variance, order, or license of a Governmental Entity, but does not include any Environmental Requirement.

"Lien" means any lien, charge, mortgage, pledge, encumbrance, hypothecation, conditional sales contract, or security interest.

"Material Adverse Effect" means a material adverse effect on the financial condition of Tiger Bay or the operation of the Plant, as the case may be.

"Material Assigned Contracts" means the PPAs, the O&M Agreement, the Gas Sales Contract, the Gas Transportation Agreements, the Steam Sale Agreement, and the Lease.

"Notices" has the meaning specified in Section 9.05.

"O&M Agreement" means that certain Operation and Maintenance Agreement, dated as of July 15, 1993, between Tiger Bay and Destec Operating Company, as amended through the date hereof.

"Other Assigned Contracts" means the contracts listed on Schedule L.01(a).

"Partnership Agreement" means the Second Amended and Restated Agreement of Limited Partnership of Tiger Bay dated as of December 30, 1993.

"Permits" means the governmental licenses, authorizations, permits and approvals, including any Governmental Approvals, listed on Schedule L.01(b).

"Permitted Encumbrances" means (i) any encumbrances created under or pursuant to the Assigned Contracts, (ii) the encumbrances and other title exceptions listed on or referenced in title policy no. 10 0057 10 001396 dated December 30, 1993 issued by Chicago Title Insurance Company (including attachments thereto), (iii) liens and security interests securing indebtedness incurred pursuant to the Credit Agreement and (iv) all other encumbrances on and exceptions that do not in the aggregate substantially impair the use of the Assets as they are currently being used, including restrictive protective covenants, ad valorem taxes and assessments that are not yet due and payable, mineral and royalty reservations, easements, zoning ordinances and regulations, and mechanics' and materialmen's liens for repairs or alterations in the ordinary course.

"Plant" means all of Tiger Bay's personal property, fixtures, leasehold improvements and equipment (exclusive of the Delivered Additional Inventory) (i) located on the Plant Site as of the Closing Date, including, without limitation: (A) the General Electric 7-FA combustion turbine, the Deltak heat recovery steam generator and the General Electric steam turbine, (B) spare parts, (C) the equipment owned by Tiger Bay connecting the Plant to FPC's transmission lines, and (D) all operations, maintenance, environmental and safety manuals and other written procedures relating to the Plant, and (ii) any of the aforementioned in (A) through (D) that is normally located on the Plant Site but is located off the Plant Site as of the Closing Date.

"Plant Site" means the property described on Schedule L.01(c).

"PPAs" means (i) the three Contracts for the Purchase of Firm Energy and Capacity from a Qualifying Facility each dated November 30, 1988 between General Peat Resources L.P., whose interest was assigned to Tiger Bay, and Guarantor, (ii) the Negotiated Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility dated as of March 28, 1991 between EcoPeat Avon Park, whose interest was assigned to Tiger Bay, and Guarantor and (iii) the Standard Offer Contract for Purchase of Firm Energy and

Capacity from a Qualifying Facility dated July 1989 between Timber Energy Resources Inc., whose interest was assigned to Tiger Bay, and Guarantor, (iv) any interconnection agreements entered into between Tiger Bay and Guarantor with respect to any of the foregoing, (v) Sections 3 and 4 of the Lease Termination Agreement dated February 22, 1993 among Tiger Bay, Guarantor and EcoPeat Avon Park and (vi) all letters, agreements, documents or instruments which supplement, modify, clarify, waive or amend any of the foregoing.

"Purchase Price" has the meaning specified in Section 2.02(a)(ii).

"Purchase Price Adjustment" has the meaning specified in Section 2.02(b)(ii).

"Remedial Actions" means those actions consistent with remedial actions recommended by a Governmental Entity.

"Scheduled Outage" has the meaning specified in Section 8.01(d)(i).

"Steam Sale Agreement" means the Steam Sale Agreement dated as of June 15, 1993 between Tiger Bay and USAC, as amended through the date hereof.

"USAC" means U. S. Agri-Chemicals Corporation.

SECTION 1.02 Terminology. All article, section, subsection, schedule and exhibit references used in this Agreement are to this Agreement unless otherwise specified. All schedules and exhibits attached to this Agreement constitute a part of this Agreement and are incorporated herein. Unless the context of this Agreement clearly requires otherwise, (i) the singular shall include the plural and the plural shall include the singular wherever and as often as may be appropriate, (ii) the words "includes" or "including" shall mean "including, without limitation", and (iii) the words "hereof", "herein", "hereunder" and similar terms in this Agreement shall refer to this Agreement as a whole and not any particular section or article in which such words appear.

ARTICLE II PURCHASE AND SALE

SECTION 2.01 Purchase and Sale of Assets. Upon the terms and subject to the conditions of this Agreement, including the terms of the Assignments, at the Closing, (a) Tiger Bay will sell, assign, convey, transfer and deliver to FPC, the Assets and the Additional Assets (as hereinafter defined), and (b) FPC shall purchase the Assets and the Additional Assets, shall assume all of Tiger Bay's obligations with respect to the Assets and the Additional Assets, and shall indemnify Tiger Bay, its partners, officers, employees, directors and agents, from and against any and all liabilities arising after the Closing out of, related to, or in connection with FPC's ownership or operation of the Assets and the Additional Assets, and shall use its Best Efforts to cause the other

parties to the Assigned Contracts to release Tiger Bay from any liability thereunder effective as of the Closing.

SECTION 2.02 Purchase Price and Adjustment.

(c) *Purchase Price.*

(i) The consideration (the "Purchase Price") to be paid by FPC for the Assets and the Additional Assets shall be the sum of \$445,000,000.00 and the Additional Assets Charge (as hereinafter defined). Upon the terms and subject to the conditions of this Agreement, at the Closing, Tiger Bay and FPC will execute and deliver the Assignment and Substitution and the Bill of Sale, and Tiger Bay, FPC and Guarantor will execute and deliver the Assignment and Assumption whereby (i) Tiger Bay assigns the Assets and the Additional Assets to FPC, against payment therefor by FPC to Tiger Bay of the Purchase Price, in immediately available funds by wire transfer to one or more bank accounts designated by Tiger Bay, and (ii) FPC assumes the obligations of Tiger Bay with respect to the Assets and the Additional Assets, and FPC and Guarantor provide the indemnities set forth in Section 2.01(a).

(ii) "Additional Assets Charge" means an amount equal to the sum of all amounts, if any, paid by Tiger Bay to General Electric Company, Inc. pursuant to the Additional Inventory Contracts as of the Closing Date. "Additional Inventory Contracts" means the purchase order(s) issued by Tiger Bay or Destec Energy, Inc. to General Electric Company, Inc. for the spare parts and equipment required to perform the hot gas repair of the gas turbine at the Plant scheduled to be performed during March and April 1998. Tiger Bay shall provide to FPC a copy of each Additional Inventory Contract upon issuance. "Delivered Additional Inventory" means all spare parts and equipment referred to in the second sentence of this Section 2.02(a)(ii), if any, that are delivered to the Plant Site pursuant to the Additional Inventory Contracts on or before the Closing Date. "Additional Assets" means the Additional Inventory Contracts and the Delivered Additional Inventory.

(b) *Purchase Price Adjustment.*

(i) On the Closing Date, FPC or Tiger Bay, as appropriate, shall pay to the other party in immediately available funds by wire transfer to one or more bank accounts designated by the payee, an amount (the "Purchase Price Adjustment") calculated in accordance with this Section 2.02(b). The Purchase Price Adjustment shall equal the Accounts Receivable less the Accounts Payable, as such terms are hereinafter defined. If the Purchase Price Adjustment is positive, FPC shall pay such amount to Tiger Bay, and if the Purchase Price Adjustment is negative, Tiger Bay shall pay such amount to FPC, which may be accomplished by a setoff against the Purchase Price.

(ii) "Accounts Receivable" means all amounts owed to Tiger Bay under the Material Assigned Contracts as of midnight on the day before the Closing Date including amounts accrued but not yet due and payable to Tiger Bay thereunder. "Accounts Payable" means (A) all amounts owing by Tiger Bay under the Material Assigned Contracts including amounts accrued but not yet due and payable and (B) an amount equal to Tiger Bay's pro rata share of the ad valorem taxes with respect to the Plant payable in 1997 prorated based on the number of days in 1997 the Plant is owned by Tiger Bay and based on the 1996 tax assessment. To determine Accounts Receivable which are accrued but not yet due and payable, Tiger Bay and FPC will agree upon a good faith estimate of such amounts including a reading of any applicable meters as of midnight on the day prior to the Closing Date.

SECTION 2.03 Allocation of Purchase Price. Tiger Bay and FPC shall use the allocation of \$445,000,000.00 of the Purchase Price among the Assets shown on Schedule 2.03 for purposes of all relevant filings and other information provided by each to the Internal Revenue Service.

ARTICLE III CLOSING DATE

The consummation of the transactions envisioned hereby (the "Closing") shall be held at a location to be mutually agreed by the parties, at 10:00 A.M., local time, on the fifth Business Day after the last condition contained in Sections 6.01(c), 6.01(h), 6.02(c), 6.02(g), 6.02(h) and 6.02(j) is satisfied or waived, or at such other time and date as may be mutually agreed to in writing by the parties. The date on which the Closing actually occurs is referred to herein as the Closing Date.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

SECTION 4.01 Representations and Warranties of Tiger Bay. Tiger Bay hereby represents and warrants to FPC as follows:

(a) *Organization and Good Standing.* Tiger Bay is a limited partnership duly formed and validly existing under the laws of the State of Delaware and is in good standing under the laws of the State of Florida and the State of Texas. Tiger Bay is not qualified to do business as a foreign limited partnership in any other jurisdiction. Neither the character of the properties now owned or leased by Tiger Bay nor the nature of the business now conducted by it requires it to be so qualified, except where the failure to be so qualified would not be material to Tiger Bay.

(b) *Partnership Authority; Authorization of Agreement; Enforceability of the Agreement.* Tiger Bay has all requisite power and authority to enter into and perform this

Agreement. The execution, delivery and performance of this Agreement and the other documents and instruments to be delivered by Tiger Bay pursuant hereto, and the transactions contemplated hereby and thereby, have been duly authorized by Tiger Bay, subject to the conditions set forth in Sections 6.02(g) and (k). This Agreement has been, and each such other document or instrument will be, duly executed and delivered by Tiger Bay and constitutes, or upon such execution and delivery shall constitute, legal, valid and binding obligations of Tiger Bay, enforceable against Tiger Bay in accordance with its respective terms, subject, however, to applicable bankruptcy, reorganization, moratorium or similar laws affecting creditors' rights generally and except as the enforceability thereof may be limited by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(c) *No Violation.* Except as set forth on Schedule 4.01(c) hereto, the execution and delivery hereof by Tiger Bay does not, and the performance and compliance with the terms and conditions hereof by it and the consummation of the transactions contemplated hereby by Tiger Bay will not:

(i) violate or conflict with any provision of its certificate of limited partnership or the Partnership Agreement;

(ii) violate or conflict with any Legal Requirement binding upon it, which violation would materially and adversely affect Tiger Bay's ability to perform its obligations under this Agreement or FPC's operation of the Plant after Closing; or

(iii) violate or result in a default under (whether with notice or the lapse of time or both), or accelerate or permit the acceleration of the performance required by, or require any consent, authorization or approval or trigger any preferential right of purchase under (A) any mortgage, indenture, loan or credit agreement or any other material agreement or instrument evidencing indebtedness for money borrowed, or any financing lease to which it is a party or by which it is bound or to which any of its properties is subject or (B) any other material lease, contract, agreement or instrument to which it is a party or by which it is bound or to which its properties is subject, which violation would materially and adversely affect Tiger Bay's ability to perform its obligations under this Agreement.

(d) *No Default; Legal Requirements.*

(i) Tiger Bay is not in material breach or violation of, or in material default under, and no condition exists that with notice or lapse of time or both would constitute such a default under, (A) any mortgage, indenture, loan or credit agreement, evidence of indebtedness or other material instrument evidencing or securing borrowed money, or any material financing lease to which Tiger Bay is a party or its property is bound, (B) any judgment, order or injunction of any court or governmental agency or (C) any other material agreement, contract, lease, license or other instrument.

(ii) Tiger Bay is in compliance in all respects with all Legal Requirements applicable to the Assets, except where the failure to so comply does not have a Material Adverse Effect. Neither this Section 4.01(d)(ii) nor any other representation in this Section 4.01 (other than Section 4.01(h)) is intended to, and none of them shall, cover environmental matters, which are the subject of Section 4.01(h).

(e) *Approvals and Consents.* Except as set forth on Schedule 4.01(e), no material filing, consent, authorization or approval under any Legal Requirement binding upon Tiger Bay is required to be made or obtained by Tiger Bay in order to execute or deliver this Agreement or to consummate the transactions contemplated by this Agreement. Except as set forth in Sections 6.02(g) and (k) and on Schedule 4.01(e), no consent or approval of any third party which is not a Governmental Entity is required for the execution and delivery of this Agreement by Tiger Bay or for the performance by Tiger Bay of its obligations hereunder. Except as set forth on Schedule 4.01(e), all of the Governmental Approvals necessary to permit Tiger Bay to lawfully conduct and operate its business in the manner it is currently conducted and to permit Tiger Bay to own and operate the Assets in the manner it currently owns and operates such Assets have been obtained and are in full force and effect except where the failure to obtain any such Governmental Approval or to maintain the effectiveness of such Governmental Approval does not have a Material Adverse Effect.

(f) *Litigation.* There are no suits, judicial or administrative actions or proceedings pending or, to Tiger Bay's knowledge, threatened that (i) challenge the validity or enforceability of this Agreement, or (ii) seek to restrain or prevent any action to be taken by Tiger Bay pursuant to this Agreement, or (iii) would have a material and adverse effect on Tiger Bay's ability to perform its obligations under this Agreement.

(g) *Liens.* Tiger Bay owns, leases or otherwise has the right to use the Assets free and clear of all Liens, except for Permitted Encumbrances and options or rights that (i) in the aggregate would not reasonably be expected to materially interfere with the use or operation of such assets as they are currently being used or operated or (ii) materially impair the value of such assets taken as a whole.

(h) *Environmental Matters.*

(i) Except as set forth in Schedule 4.01(h), Tiger Bay is in compliance with all Environmental Requirements.

(ii) Except as set forth in Schedule 4.01(h), Tiger Bay has obtained or applied for and is in compliance with all Governmental Approvals required by any Environmental Requirement. Any Governmental Approvals that are not final as of the date hereof are listed on Schedule 4.01(h), and Tiger Bay shall act to have all pending Governmental Approvals rendered final in the ordinary course of its business and according to Tiger Bay's own business plan. Except as set forth in Schedule 4.01(h), all Governmental

Approvals currently required for operation of the Plant and for Tiger Bay's use of the Plant Site are in full force and effect and no administrative or judicial appeal of any Governmental Approval is pending. Any Governmental Approvals that are not final as of the Closing Date shall be identified on a revised and updated Schedule 4.01(h).

(iii) Except as set forth in Schedule 4.01(h):

(A) Tiger Bay has not caused any unremediated release, threatened release, or disposal of any Hazardous Substance at the Plant Site in contravention of any Environmental Requirement.

(B) Tiger Bay has not manufactured, used, generated, stored, treated, transported, disposed of, released, or otherwise managed any Hazardous Substance except pursuant to and in accordance with any Environmental Requirement.

(C) Tiger Bay: (a) has no knowledge that any condition exists that would give rise to any liability on its part for response or corrective action, natural resources damage, or any other harm or activity pursuant to any Environmental Requirement at the Plant Site, nor has Tiger Bay engaged in any activity which would give rise to such liability or harm; (b) is not subject to, has no notice or knowledge of, or is not required to give any notice of any Environmental Claim involving Tiger Bay or the Plant Site; (c) is subject to no condition or occurrence at the Plant Site which could form the basis of an Environmental Claim against Tiger Bay; and (d) has not received any written or oral request for information under, or any Environmental Claim by any Governmental Entity arising out of, any Environmental Requirement.

(D) Neither Tiger Bay, the Plant, nor the Plant Site is subject to, and Tiger Bay has no knowledge of, any imminent restriction on the ownership, occupancy, use or transferability of the Plant Site in connection with any (a) Environmental Requirement, or (b) release, threatened release, or disposal of any Hazardous Substance;

(i) *Brokerage or Finders Fees.* Tiger Bay has not used a broker or finder in connection with this Agreement, and there are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated hereby based on any arrangement or agreement by or on behalf of Tiger Bay

(j) *Assigned Contracts.* Except as set forth on Schedule 4.01(j), each Material Assigned Contract is in full force and effect and is valid and enforceable against Tiger Bay in accordance with its terms. Except as set forth in Schedule 4.01(j), (i) Tiger Bay is in compliance with all applicable material terms and requirements of each Material Assigned Contract and has not

received any written notice that it is currently in violation of any applicable term or requirement of any Material Assigned Contract, and (ii) Tiger Bay is in compliance with all applicable material terms and requirements of each Other Assigned Contract and has not received any written notice that it is currently in violation of any applicable material term or requirement of any Other Assigned Contract, which violation has a Material Adverse Effect.

(k) *Condition and Sufficiency of Assets.* The buildings, plants, structures and equipment of Tiger Bay which are part of the Plant (except the combustion turbine) are in good operating condition adequate for the uses to which they are being put, normal wear and tear excepted.

(l) *Book and Records.* The Books and Records have been maintained in all material respects in accordance with sound business practice.

(m) *State and Local Taxes.* Tiger Bay has timely filed, and as of the Closing Date will have timely filed, all state, county and local property, sales, use, and other tax returns relating to its overall business required to be filed on or prior to the Closing Date, taking into account any extensions of the filing deadlines which have been validly granted, and such returns are and will be true and correct in all material respects. Tiger Bay has paid, or by the Closing Date will have paid, all material state, county, and local property, sales, use, and all other taxes and assessments (including penalties and interest in respect thereof, if any) that have become or are due with respect to its overall business or the purchased assets regarding any period ended on or prior to the Closing Date, whether shown on such returns or not. Schedule 4.01(m) describes all pending property, sales, use or other tax disputes relating to or arising out of Tiger Bay's overall business or affecting any of the purchased assets, including the nature and amount of the controversy, the respective positions of the parties as to any material amounts claimed to be due thereunder and the current status thereof.

SECTION 4.02 Representations and Warranties of FPC and Guarantor. FPC or Guarantor, as the case may be, hereby represent and warrant to Tiger Bay as follows:

(a) *Organization and Good Standing.* FPC is a limited liability company duly organized, validly existing and of active status under the laws of the State of Florida. Guarantor is a duly organized, validly existing corporation in good standing under the laws of the State of Florida. Each of FPC and Guarantor has the necessary power and authority to carry on its respective business as now being conducted.

(b) *Authority of FPC and Guarantor: Enforceability of the Agreement.* Each of FPC and Guarantor has all requisite power and authority to enter into and perform this Agreement. The execution, delivery and performance of this Agreement and the other documents and instruments to be delivered by FPC, or by FPC and Guarantor, as the case may be, pursuant hereto, and the transactions contemplated hereby and thereby, have been duly authorized by FPC, or by FPC and Guarantor, as the case may be. This Agreement has been, and each such document or instrument will be, duly executed and delivered by FPC, or by FPC and Guarantor, as the case may be, and

constitutes, or upon such execution and delivery will constitute, legal, valid and binding obligations of FPC, or of FPC and Guarantor, as the case may be, enforceable against FPC, or against FPC and Guarantor, as the case may be, in accordance with its respective terms, subject to applicable bankruptcy, reorganization, moratorium or similar laws affecting creditors' rights generally and except as the enforceability thereof may be limited by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(c) *No Violations.* The execution and delivery of this Agreement by FPC and Guarantor does not and, the consummation of the transactions contemplated hereby will not:

(i) violate or conflict with any of the provisions of the certificate of formation or limited liability company agreement of FPC, or the certificate of incorporation or bylaws of Guarantor,

(ii) violate or conflict with any Legal Requirement binding upon either, which violation would materially and adversely affect FPC's or Guarantor's ability to perform their respective obligations under this Agreement; or

(iii) violate or result in a default under (whether with notice or the lapse of time or both) or accelerate or permit the acceleration of the performance required by, or require any consent, authorization or approval under (A) any mortgage, indenture, loan or credit agreement or any other material agreement or instrument evidencing indebtedness for money borrowed, or any financing lease to which either is a party or by which either is bound or to which any of their properties is subject or (B) any other material lease, contract, agreement or instrument to which either is a party or by which either is bound or to which any of their properties is subject, which violation would materially and adversely affect FPC's or Guarantor's ability to perform their respective obligations under this Agreement.

(d) *Approvals and Consents.* No material filing, consent, authorization or approval under any Legal Requirement binding upon FPC or Guarantor is required to be made or obtained by FPC or Guarantor in order to execute or deliver this Agreement or to consummate the transactions contemplated by this Agreement by it, except the filings with the FERC and the FPSC described in Sections 6.01(c) and 6.02(c) and the filings required under the HSR Act. No consent or approval of any third party which is not a Governmental Entity is required for the execution and delivery of this Agreement by FPC or Guarantor or for the performance by FPC or Guarantor of their respective obligations hereunder.

(e) *Litigation.* There are no suits, judicial or administrative actions or proceedings pending or, to the knowledge of FPC or Guarantor, threatened that (i) challenge the validity or enforceability of this Agreement, or (ii) seek to restrain or prevent any action to be taken by FPC or Guarantor pursuant to this Agreement, or (iii) would have a material adverse effect on FPC's or Guarantor's ability to perform their respective obligations under this Agreement.

(f) *Brokerage or Finders Fees.* Neither FPC nor its Affiliates have used a broker or finder in connection with this Agreement, and there are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated hereby based on any arrangement or agreement by or on behalf of FPC or its Affiliates.

(g) *Due Diligence.* FPC is generally familiar with the Plant and has conducted limited due diligence with respect to the Assets and is aware that there have been technical problems with the Plant's combustion turbine.

ARTICLE V ADDITIONAL AGREEMENTS AND COVENANTS; GUARANTY

SECTION 5.01 Covenants of Tiger Bay. Tiger Bay covenants and agrees with FPC as follows:

(a) *Certain Changes.* Except as may be permitted hereunder or as otherwise contemplated in this Agreement and except as set forth on Schedule 5.01(a), from the date hereof through the Closing Date, without first obtaining the written consent of FPC, which consent shall not be unreasonably withheld, Tiger Bay will not:

- (i) make any material change in the conduct of its business or operations;
- (ii) merge into or with or consolidate with any other entity or acquire all or substantially all of the business or assets of any corporation, person or entity;
- (iii) (A) mortgage, pledge or subject the Assets to any Lien, except for Permitted Encumbrances, or (B) sell, transfer or terminate any Asset, or amend any of the Assigned Contracts or the Permits, except in the ordinary course of business;
- (iv) take any action or enter into any commitment with respect to or in contemplation of any liquidation, dissolution, recapitalization, reorganization or other winding up of its business or operation except as a result of this Agreement; or
- (v) consent to the entry of any decree or order by a Governmental Entity which would have a material adverse effect on (A) its ability to perform hereunder or (B) the operation of the Plant.

(b) *Operation of Business.* From the date hereof until the Closing Date, except as permitted hereunder or contemplated hereby or as consented to in writing by FPC, (i) Tiger Bay shall carry on its business in the usual and ordinary course and (ii) use its Best Efforts to preserve and maintain the Assets in all material respects in as good a condition as of the date hereof, normal wear and tear excepted, and to enforce the O&M Agreement against Destec Operating Company.

Notwithstanding any provision of Section 5.01 to the contrary, Tiger Bay shall have the right to release and terminate any and all Credit Support Obligations and any agreements related to the Credit Agreement.

(e) *Access.* Tiger Bay will afford to FPC and its authorized representatives, at FPC's sole expense, risk and cost, reasonable access from the date hereof through the Closing Date, during normal business hours, to its personnel, properties, books and records relating to the Assets and will furnish to FPC such additional financial and operating data and other information relating to the Assets as FPC may reasonably request, to the extent that such access and disclosure would not violate the terms of any agreement to which Tiger Bay is bound or any Legal Requirement; provided, however, that the confidentiality of any data or information so acquired shall be maintained by FPC and its representatives in accordance with Section 5.02(c); and further provided that all requests for access shall be directed to Destec Management Services Inc., or such other persons as Tiger Bay may designate from time to time. Tiger Bay will provide or otherwise make available to FPC any and all audits, investigations, reports, records, data, site assessments or any other documents in its possession concerning Hazardous Substances, compliance with any Environmental Requirement or any other environmental subject.

(d) *Antitrust Notification; FERC and FPSC Filings.* Tiger Bay or its Affiliate will, as promptly as practicable (and, in any event, within 30 days after the execution hereof) (i) file with the Federal Trade Commission and the Department of Justice the notification and report form required to be filed by it for the transactions contemplated hereby (and shall request early termination of the waiting period) and any supplemental information which may be reasonably requested in connection therewith pursuant to the HSR Act, and (ii) cooperate with FPC and Guarantor in the filing of any applications to the FERC and the FPSC for any approvals required in connection with the transactions envisioned by this Agreement.

(e) *Public Announcements.* Subject to applicable securities law or stock exchange requirements, at all times until the Closing Date, Tiger Bay shall promptly advise and obtain the approval (which may not be withheld unreasonably) of FPC before issuing or permitting any of its Affiliates to issue, any press release or other announcement with respect to this Agreement or the transactions contemplated hereby, provided that no further approval shall be required for press releases or other announcements which are substantially similar to previously approved releases or announcements provided a copy of such release or announcement is furnished promptly to FPC.

(f) *Transaction Costs.* Tiger Bay shall bear and pay all of the costs, fees and expenses incurred by or on its behalf in connection with the transactions contemplated by this Agreement, including any brokerage commissions, finders' fee or similar compensation in connection with the transactions contemplated hereby based on any arrangement or agreement by or on behalf of Tiger Bay.

(g) *Best Efforts.* Assuming that all of the conditions to Tiger Bay's obligations to close under this Agreement have been satisfied, Tiger Bay will use its Best Efforts to obtain the satisfaction of the conditions to Closing set forth in Section 6.01.

(h) *Permits.* Tiger Bay shall cooperate with FPC, including, without limitation, by executing all necessary forms, applications, or notices, in (i) the transfer and assignment to FPC of the Permits, to the extent assignable, on or immediately after the Closing Date, and (ii) obtaining any modification, revision or reissuance of a Permit which is not transferable or assignable to FPC on or immediately after the Closing Date. FPC shall bear all out-of-pocket costs and expenses in connection with any such transfer, assignment, modification, revision or reissuance.

(i) *Sales and Use Taxes.* Within fifteen days following the Closing Date, Tiger Bay shall file a final Florida sales and use tax return, if required, and pay any and all outstanding sales and use tax (including penalties and interest in respect thereof, if any). Following the Closing Date, Tiger Bay will furnish FPC with a certificate from the Florida Department of Revenue stating that no taxes, interest, or penalty are due.

SECTION 5.02 Covenants of FPC and Guarantor. FPC or Guarantor, as the case may be, covenant and agree with Tiger Bay as follows:

(a) *Antitrust Notification and Other Governmental Filings.* FPC or its Affiliate will as promptly as practicable (and, in any event, within 30 days after the execution hereof) file with the Federal Trade Commission and the Department of Justice the notification and report form required for the transactions contemplated hereby (and request early termination of the waiting period) and any supplemental information which may be reasonably requested in connection therewith pursuant to the HSR Act. FPC, or FPC and Guarantor, will as promptly as practicable make any filings with the FERC and the FPSC required to be filed by them to consummate the transactions contemplated hereby and will diligently seek the actions required of the FERC and FPSC to permit the consummation of the transactions contemplated hereby.

(b) *Public Announcements.* Subject to applicable securities law or stock exchange requirements, at all times until the Closing Date, FPC and Guarantor shall promptly advise, and obtain the approval (which may not be withheld unreasonably) of, Tiger Bay before issuing, or permitting any of FPC's or Guarantor's directors, officers, employees or agents, or any of FPC's or Guarantor's Affiliates to issue, any press release or other announcement with respect to this Agreement or the transactions contemplated hereby, provided that no further approval shall be required for press releases or other announcements which are substantially similar to previously approved releases or announcements provided a copy of such release or announcement is furnished promptly to Tiger Bay.

(c) *Confidential Information.* In the event that this Agreement is terminated or, if not terminated, until the Closing Date, the confidentiality of any data or information received by FPC or Guarantor regarding the business and assets of Tiger Bay and its Affiliates shall be

maintained by FPC, Guarantor and their representatives under the same terms as contained in, and in accordance with, the Confidentiality Agreement dated July 10, 1996 executed by Guarantor and Tiger Bay (the "Confidentiality Agreement").

(d) *Transaction Costs and Taxes.* FPC shall bear and pay all of the costs, fees and expenses incurred by or on behalf of FPC in connection with the transactions contemplated by this Agreement, including the filing fees under the HSR Act or required to be paid to the FPSC or the FERC and any brokerage commissions, finders' fee or similar compensation in connection with the transactions contemplated hereby based on any arrangement or agreement by or on behalf of FPC or its Affiliates. In addition, FPC shall pay any sales, use or other transfer taxes or filing fees resulting from the execution, delivery and performance of this Agreement.

(e) *Best Efforts.* Assuming that all of the conditions to FPC's obligations to close under this Agreement have been satisfied, FPC will use its Best Efforts to obtain the satisfaction of the conditions to Closing set forth in Section 6.02.

(f) *Plant Operations Staff.* Upon termination of the O&M Agreement, FPC or Guarantor shall endeavor to employ the existing full-time Plant operations staff.

(g) *Permits; Credit Support Obligations.* FPC shall have the primary responsibility for preparing all necessary forms, applications, or notices to request the transfer or assignment to FPC of any Permit, to the extent assignable, and shall use its Best Efforts to cause the Permits to be transferred to it on the Closing Date. In addition, on or before the Closing Date, FPC and Guarantor shall take whatever action is necessary to cause the release and termination of the Credit Support Obligations, including, without limitation, providing substitute credit supports acceptable to the other parties to the Assigned Contracts.

SECTION 5.03 Guaranty. Guarantor hereby unconditionally and irrevocably guarantees to Tiger Bay (i) the accuracy of the representations and warranties of FPC contained in this Agreement and any agreement, document or instrument executed by FPC in connection with this Agreement, and (ii) the due and timely performance by FPC of all of FPC's obligations under this Agreement and any agreement, document or instrument executed by FPC in connection with this Agreement.

ARTICLE VI CONDITIONS TO CLOSING

SECTION 6.01 FPC's Obligation to Close. FPC's obligation to close under this Agreement is subject to the fulfillment, on or before the Closing Date, of each of the following conditions (except to the extent that FPC shall have hereafter agreed in writing to waive one or more of such conditions):

(a) *Compliance with Agreement.* Tiger Bay shall have performed and complied in all material respects with all covenants required by this Agreement to be performed or complied with by it on or prior to the Closing.

(b) *Representations and Warranties.* The representations and warranties of Tiger Bay contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date.

(c) *Governmental Filings and Orders.* With respect to the filings contemplated by Sections 5.01(d) and 5.02(a), (i) the waiting period under the HSR Act shall have expired, (ii) the FPSC shall have issued a final, non-appealable order approving the transactions envisioned by this Agreement in form and substance satisfactory to FPC and Guarantor; provided, however, that any such FPSC order that provides for approval of the transfer by FPC to Guarantor, following the Closing, of the Assets and the Additional Assets and for cost recovery by Guarantor of the Purchase Price over a period not to exceed five years shall be satisfactory to FPC and Guarantor, and (iii) the FERC shall have issued an order approving the transfer by Tiger Bay to FPC of any of the Assets and the Additional Assets over which it has jurisdiction and the transfer by FPC to Guarantor of any of the Assets or the Additional Assets over which it has jurisdiction.

(d) *Litigation.* There shall not be pending any litigation or proceeding (filed by a person or entity other than FPC, Guarantor or their Affiliates) to restrain or prohibit the transactions contemplated by this Agreement or to obtain material damages or other material relief in connection with the consummation of such transactions.

(e) *Assignments.* Tiger Bay shall have executed and delivered to FPC, or to FPC and Guarantor, as the case may be, the Assignments. Tiger Bay shall have executed and delivered to FPC all forms, applications and notices prepared by FPC to request the transfer or assignment to FPC of any Governmental Approval.

(f) *Certificate.* Tiger Bay shall have delivered to FPC a certificate, dated the Closing Date, executed on its behalf by its duly authorized representative to the effect that the conditions in Sections 6.01(a) and (b) are satisfied insofar as they relate to Tiger Bay.

(g) *Indebtedness.* Tiger Bay shall have delivered to FPC evidence that the indebtedness of Tiger Bay to The Fuji Bank and Trust Company and the other banks (collectively, the "Banks") under that certain Credit Agreement dated December 31, 1993 among the Banks and Tiger Bay, as amended, (the "Credit Agreement") shall be repaid out of the proceeds of the Purchase Price, and that any Permitted Encumbrances securing Tiger Bay's obligations under the Credit Agreement shall be released.

(h) *Consents.* Any consents of third parties required in connection with the Assignments shall have been obtained.

(i) *Amendment to O&M Agreement* The O&M Agreement shall have been amended effective as of the Closing Date to enable either party thereunder to terminate the O&M Agreement effective at any time after nine months after the Closing Date upon 90 days prior written notice to the other party.

(j) *Opinion of Counsel.* FPC shall have received the opinions of Tiger Bay's counsel dated as of the Closing Date substantially in the forms attached hereto as Exhibits D and E.

SECTION 6.02 Tiger Bay's Obligation to Close. The obligation of Tiger Bay to close under this Agreement is subject to the fulfillment on the Closing Date of each of the following conditions (except to the extent that Tiger Bay shall have hereafter agreed in writing to waive one or more of such conditions, provided, however, that the conditions set forth in Sections 6.02(g) and 6.02(j) cannot be waived without the written consent of Polk County CoGen, Inc.):

(a) *Compliance with Agreement.* FPC and Guarantor shall have performed and complied with all covenants to be performed or complied with by each on or prior to the Closing.

(b) *Representations and Warranties.* The representations and warranties of FPC and Guarantor contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date.

(c) *Governmental Filings and Orders.* With respect to the filings contemplated by Sections 5.01(d) and 5.02(a), (i) the waiting period under the HSR Act shall have expired, (ii) the FPSC shall have issued a final, non-appealable order approving the transactions envisioned by this Agreement in form and substance satisfactory to FPC and Guarantor; provided, however, that any such FPSC order that provides for approval of the transfer by FPC to Guarantor, following the Closing, of the Assets and the Additional Assets and for cost recovery by Guarantor of the Purchase Price over a period not to exceed 5 years shall be satisfactory to FPC and Guarantor, and (iii) the FERC shall have issued an order approving the transfer by Tiger Bay to FPC of any of the Assets or the Additional Assets over which it has jurisdiction and the transfer by FPC to Guarantor of any of the Assets or the Additional Assets over which it has jurisdiction.

(d) *Litigation.* There shall not be pending any litigation or proceeding (filed by a person or entity other than Tiger Bay or its Affiliates) to restrain or prohibit the transactions contemplated by this Agreement or to obtain material damages or other material relief in connection with the consummation of such transactions.

(e) *Payment of Purchase Price.* Tiger Bay shall have received the payment of the Purchase Price pursuant to Section 2.02.

(f) *Certificate.* FPC and Guarantor shall have delivered to Tiger Bay a certificate, dated the Closing Date, executed on behalf of each by its president or a vice president, to the effect that (i) the conditions of Sections 6.02(a) and (b) have been satisfied insofar as they relate to FPC

and Guarantor and (ii) FPC has had such access to the Assets and the Additional Assets, the records of Tiger Bay and such of Tiger Bay's officers, directors and agents as it desired in order to enable it to perform all the due diligence that it desired to perform in order to enable it to evaluate the risks and merits of the transactions contemplated hereby.

(g) *Board Approval.* On or before January 21, 1997, or such later date as may be mutually agreed to by FPC, Tiger Bay and Destec Energy, Inc., the Board of Directors of Destec Energy, Inc. shall have duly approved the consummation of the transactions contemplated by this Agreement (the "Board Approval").

(h) *Consents and Releases.* Any consents required from third parties in connection with the Assignments shall have been obtained and Tiger Bay shall have obtained releases, in form and substance satisfactory to Tiger Bay, of the Assigned Contracts and the Credit Support Obligations and Tiger Bay shall have received all funds in accounts identified on Schedule 6.02(i).

(i) *Opinion of Counsel.* Tiger Bay shall have received an opinion of FPC's and Guarantor's counsel dated as of the Closing Date substantially in the form of Exhibit E.

(j) *Closing of Destec Sale.* The closing of the sale of Destec Energy, Inc. shall have been consummated.

ARTICLE VII LIMITATIONS

SECTION 7.01 Representations and Warranties. (a) The representations and warranties of Tiger Bay contained in this Agreement or in any document or instrument executed in connection herewith shall not survive the Closing.

(b) EXCEPT AS EXPRESSLY SET OUT HEREIN, TIGER BAY MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OR REPRESENTATION WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PURPOSE.

SECTION 7.02 Remedies. (a) The sole remedy of any party for any breach by another party of any representation or warranty made by such party herein is to terminate the Agreement pursuant to and in accordance with Article VIII.

(b) Nothing herein shall restrict any party from pursuing any rights or remedies available to it at law or in equity in the event of a breach by another party of any covenant or obligation hereunder (exclusive of Article VII); provided, however, that no party shall be liable to

any other party for any consequential, incidental, special, or indirect damages (including lost profits) or punitive damages, whether based on statute, contract, tort or otherwise.

ARTICLE VIII TERMINATION RIGHTS

SECTION 8.01 Termination. This Agreement may be terminated at any time prior to the Closing Date as follows, and in no other manner:

- (a) by mutual consent of FPC, Guarantor, and Tiger Bay;
- (b) after January 21, 1997, or such later date for obtaining Board Approval as has been mutually agreed to by FPC, Tiger Bay and Destec Energy, Inc., by written notice from any party to the others, if the Board Approval has not been obtained prior to the giving of such notice;
- (c) prior to February 1, 1997, by written notice from FPC to Tiger Bay that FPC's due diligence with respect to the Assets (except with respect to the Plant gas turbine compressor) has been completed and the results were unsatisfactory to it, and FPC is therefore terminating this Agreement;
- (d) on or prior to April 30, 1997, by written notice from FPC to Tiger Bay that:
 - (i) FPC's investigation of the Plant gas turbine compressor conducted during the period of the outage of the Plant scheduled to begin on March 15, 1997 (the "Scheduled Outage") has been completed; provided, however, that if FPC requests that Tiger Bay open the compressor casing in connection with such investigation, Tiger Bay shall do so and (A) FPC shall reimburse Tiger Bay for all costs and expenses incurred by Tiger Bay to open and close the compressor casing within twenty days after receipt of Tiger Bay's invoice therefor, and (B) for purposes of the capacity factor calculations pursuant to the PPAs, Guarantor shall exclude all the hours, if any, by which the Scheduled Outage was extended due to the opening and closing of the compressor casing at FPC's request; and
 - (ii) in the written opinion of FPC's professional engineer performing or supervising such investigation rendered in good faith (the "Engineering Opinion"), based on General Electric approved repair criteria and performance versus aging data, such investigation has revealed that the mechanical integrity of the compressor is compromised and/or that a material loss of performance has resulted or will result in excess of that which is to be expected from normal aging, unless Tiger Bay within ten days after receipt of such notice and the Engineering Opinion shall have either (i) offered in writing to repair or replace such compressor at no additional cost to FPC, or (ii) shall have given FPC written notice that Tiger Bay disputes the conclusion(s) reached in such Engineering Opinion. In the event that Tiger Bay disputes the Engineering Opinion and such dispute is not resolved by good faith

negotiations between FPC and Tiger Bay within thirty days after FPC's receipt of written notice of such dispute, termination hereunder shall become effective at the end of such thirty-day period.

(e) by notice from Tiger Bay to FPC, if the Closing Date shall not have occurred on or before July 1, 1997 (or such later date as may have been agreed upon in writing by the parties); provided, however, that if (i) by July 1, 1997 the FPSC has issued an order approving the transactions contemplated by this Agreement satisfactory to FPC and Guarantor in accordance with Sections 6.01(c)(ii) and 6.02(c)(ii) and no party has filed an appeal therefrom, but the time period(s) for filing any such appeal (the "Appeal Period") shall not have expired, and (ii) all conditions in Section 6.02 except Section 6.02(c)(ii) have been fulfilled or waived in accordance therewith, then Tiger Bay may exercise its right to terminate this Agreement pursuant to this Section 8.01(c) only if an appeal of such FPSC order is filed during the Appeal Period.

(f) by any party by notice to the others, if a final non-appealable judgment has been entered against such party or any of its Affiliates restraining, prohibiting or declaring illegal the transactions contemplated hereby; or

(g) by a non-defaulting party giving written notice to a defaulting party provided that the non-defaulting party shall have previously given the defaulting party written notice specifying the nature of the default and thirty days have passed since such notice was given and the default has not been cured or waived. A party shall be in default under this Agreement, and thereby a defaulting party, in the event that (i) any representation or warranty made by such party in this Agreement shall prove to be false or misleading in any material respect, (ii) such party fails to perform any covenant set forth in this Agreement, or (iii) such party fails to timely perform or satisfy any material obligation set forth in this Agreement to be performed or satisfied by it.

(h) by written notice from any party to the others, if the FPSC issues an order denying approval of the transaction envisioned by this Agreement, or if the FPSC fails to issue an order in accordance with Sections 6.01(c)(ii) and 6.02(c)(ii) on or before July 1, 1997; provided, however, that if by July 1, 1997 the FPSC has issued an order approving the transactions contemplated by this Agreement satisfactory to FPC and Guarantor in accordance with Sections 6.01(c)(ii) and 6.02(c)(ii) and no party has filed an appeal therefrom, but the Appeal Period shall not have expired, then a party may exercise its right to terminate this Agreement pursuant to this Section 8.01(h) only if an appeal of such FPSC order is filed during such Appeal Period.

SECTION 8.02 Limitation on Right to Terminate: Effect of Termination. A party shall not be allowed to exercise any right of termination pursuant to Section 8.01 if the event giving rise to the termination right shall be due to the failure of such party or its Affiliate to perform or observe in any material respect any of the covenants set forth herein to be performed or observed by such party or its Affiliate; provided that Sections 4.01(i), 4.02(f), 5.01(f), 5.02(c), 5.02(d), 5.03, 8.01(d)(i), 8.02 and 9.09 shall survive any such termination.

ARTICLE IX GENERAL

SECTION 9.01 Exclusive Agreement; Schedules. This Agreement and the attached schedules and exhibits and the agreements and documents to be executed pursuant hereto set forth the entire agreement and understanding of the parties in respect of the transactions contemplated hereby and supersede all prior agreements, arrangements and undertakings (oral or written) relating to the subject matter hereof. The disclosures in the Schedules hereto are to be taken as relating to the representations and warranties of Tiger Bay as a whole. The inclusion of information in the Schedules hereto shall not be construed as an admission that such information is material. In addition, matters reflected in the Schedules are not necessarily limited to matters required by this Agreement to be reflected on such Schedules. Such additional matters are set forth for information purposes only and do not necessarily include other matters of a similar nature. No representation, promise, inducement or statement of intention has been made by any party which is not embodied in or superseded by this Agreement or the Confidentiality Agreement or in the agreements and documents to be executed pursuant hereto, and no party shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not so set forth.

SECTION 9.02 Assignment. This Agreement and the rights and obligations hereunder shall not be assigned by any party hereto without the prior written consent of the other parties, except that any party may assign an interest in all of its rights hereunder to any Affiliate after the Closing; provided that no assignment shall relieve the assigning party of any of its warranties, representations, or obligations contained herein.

SECTION 9.03 Amendments. This Agreement may be amended, modified, superseded or cancelled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the parties, or, in the case of a waiver, by or on behalf of the party waiving compliance. The failure of any party at any time or times to require performance of any provisions hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any party of any condition, or of any breach of any term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of any breach of any other term, covenant, representation or warranty. Notwithstanding the foregoing, in the event that the Closing occurs, any condition not theretofore fulfilled will be deemed waived.

SECTION 9.04 Further Assurances. The parties agrees to execute such further instruments or documents as any party may from time to time reasonably request in order to confirm or carry out the transactions contemplated in this Agreement; provided that no such instrument or document shall expand a party's liability beyond that contemplated in this Agreement.

SECTION 9.05 Notices. All notices, requests, demands and other communications (collectively, "Notices") required or permitted to be given hereunder shall be in writing and

delivered personally, or by facsimile transmission or mailed first class, postage prepaid, registered or certified mail, as follows:

If to Tiger Bay, to:

Tiger Bay Limited Partnership
2500 CityWest Blvd.
Suite 150
Houston, Texas 77042
Attention: Chuck Cook, Central Florida DGE, Inc.
Facsimile No: (713) 735-4169

If to FPC, to:

FPC Acquisition L.L.C.
3201 34th Street South
St. Petersburg, Florida 33733
Attention: Robert Dolan
Facsimile No. (813) 866-4922

If to Guarantor, to:

Florida Power Corporation
3201 34th Street South
St. Petersburg, Florida 33733
Attention: Robert Dolan
Facsimile No. (813) 866-4922

All Notices shall be effective upon receipt. Any party may change its Notice address by giving written Notice to the other in the manner specified above.

SECTION 9.06 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES.

SECTION 9.07 Severability. In the event any of the provisions hereof are held to be invalid or unenforceable under any Legal Requirement, the remaining provisions hereof shall not be affected thereby. In such event, the parties hereto agree and consent that such provisions and this Agreement shall be modified and reformed so as to effect the original intent of the parties as closely as possible with respect to those provisions which were held to be invalid or unenforceable.

SECTION 9.08 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one agreement.

SECTION 9.09 Expenses. Except as expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each party shall pay its own expenses incident to the preparation of the Agreement and for consummating the transaction.

SECTION 9.10 Condition to Tiger Bay's Obligations. Except with respect to the second sentence of this Section 9.10, Tiger Bay's obligations hereunder shall be conditioned upon its receipt from the Banks of their consent(s) to the execution of this Agreement. Tiger Bay shall use its Best Efforts to obtain such consent(s) as soon as practicable.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

TIGER BAY LIMITED PARTNERSHIP

By: Central Florida DGE, Inc.,
its general partner

By: _____
Name: _____
Title: _____

FPC ACQUISITION L.L.C.

By: Joseph H. Richardson
Name: Joseph H. Richardson
Title: President
For: Florida Power Corporation,
its sole member

FLORIDA POWER CORPORATION

By: Joseph H. Richardson
Name: Joseph H. Richardson
Title: President



SECTION 9.08 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one agreement.

SECTION 9.09 Expenses. Except as expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each party shall pay its own expenses incident to the preparation of the Agreement and for consummating the transaction.

SECTION 9.10 Condition to Tiger Bay's Obligations. Except with respect to the second sentence of this Section 9.10, Tiger Bay's obligations hereunder shall be conditioned upon its receipt from the Banks of their consent(s) to the execution of this Agreement. Tiger Bay shall use its Best Efforts to obtain such consent(s) as soon as practicable.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

TIGER BAY LIMITED PARTNERSHIP

By: Central Florida DOE, Inc.,
its general partner

By: CC Cook
Name: Charles C. Cook
Title: Vice President

FPC ACQUISITION L.L.C.

By: _____
Name: _____
Title: _____

FLORIDA POWER CORPORATION

By: _____
Name: _____
Title: _____

SCHEDULE 1.01(a)

LIST OF OTHER ASSIGNED CONTRACTS

1. Purchase Order No. 12530001, issued by Destec Engineering, Inc. to General Electric Company, Inc., dated March 10, 1993, and Change Orders 1 through 8 thereto.
2. Purchase Order No. 12530013, issued by Destec Engineering, Inc. to General Electric Company, Inc., dated March 17, 1993, and Change Orders 1 through 7 thereto.
3. Additional Inventory Contracts (as defined herein).

SCHEDULE L01(b)

PERMITS

<u>Permit</u>	<u>Date of Issuance</u>
1. USEPA - Storm Water NOI, Construction (No. FLR00B155)	09/09/93
2. DOE - Fuel Use Act (Cert. No. 123)	08/16/93
3. FAA - Stack Notice (Study No. 92-ASO-2363-OE)	02/25/93
4. FEMA - Polston Engineering	12/03/92
5. USACOE - Wetlands Delineation Determination	03/31/93
6. FDER/PSD Permit (AC53-21-4903/PSD-FL-190) - Construction	05/17/93
7. FDER Industrial Waste Water and Storm Water Permit (IC53-221795 and RC53-221796) - Construction	05/04/95
8. FDER Air Permit for ZLD (AC53-230744) - Construction	06/29/93
9. FDER - Wetlands Exemption, Interoffice Memorandum	05/12/93
10. Florida - Notice of Commencement	09/03/93
11. FDEP - Storage Tank Registration (I.D. - 53/9300713)	01/07/97
12. Florida - Division of Historical Resources	01/04/93
13. Florida - Division of Historical Resources	02/01/93
14. Florida - Division of Historical Resources (For FPC Substation)	06/15/93
15. SWFWMD - Individual Water Use Permit (201084C 00)	02/24/93
16. Polk County - Commercial Site Plan Approval (133.92)	11/23/92
17. Polk County - Non Certified Electric Power Generating Site Approval (SA-92-01) and Polk County - Conditional Use Permit (CUP-92-17)	11/17/92

18.	Polk County - Construction Permit (93080960)	08/13/93
19.	Polk County/HRS - Septic Tank Permit (57037)	11/06/92
20.	Polk County - Solid Waste Disposal	06/25/93
21.	Polk County - Certificate of Concurrency Determination	11/23/93
22.	Polk County - Temporary Sign Permit (Construction)	10/05/93
23.	Polk County Driveway Approval (1521.92)	11/23/92
24.	USEPA - NPDES Notice of Termination (Construction)	03/28/95
25.	SWFWMD - Well Construction Permit	03/31/94
26.	Polk County HRS - Drinking Water Well System - Construction Permit	04/08/94
27.	USEPA - NPDES General Permit for Storm Water (Operational) Discharges (Notice of Intent)	02/15/95
28.	USEPA - Update SPCC Plan for Oil Containment	02/22/95
29.	FDEP - GT/HRSO Initial Compliance Form	02/13/95
30.	FDEP - GT/HRSO Certification (Continuous Emissions Monitor Test)	10/19/94
31.	FDEP - GT/HRSO Custom Fuel Plan	12/02/95
32.	FDEP - Initial GT/HRSO, ZLD Compliance Source Test	10/19/94
33.	FDEP - ZLD Operating Permit (A053-261950)	01/25/95
34.	FDEP - Wastewater to USAC (or "no action" letter)	04/08/94
35.	FDEP - Best Management Practices Plan for Waste Water Permit	02/22/95
36.	FDEP - Industrial Waste and Storm Water Operating Permit "No Action Letter" - FDEP 12/27/95	12/27/95
37.	FDEP - EPA Hazardous Waste Generator	07/20/94
38.	Polk County - Certificate of Occupancy	10/20/95

- 39. Polk County - Waste Water to USAC (or "no action" letter) 09/20/95
- 40. Polk County - Permanent Sign Permit 12/02/95
- 41. USEPA - Update Storm Water Prevention Plan 12/29/95

PART B - DEFERRED APPROVALS/STUDIES/LETTERS

- 42. FDEP - Title V Operating Permit Application Submitted 6/13/96

SCHEDULE L01(c)

PLANT SITE DESCRIPTION

A PARCEL OF LAND LYING AND BEING IN SECTION 31, TOWNSHIP 31 SOUTH, RANGE 25 EAST, IN POLK COUNTY, FLORIDA, BEING DESCRIBED AS FOLLOWS:

COMMENCE ON THE WEST BOUNDARY LINE OF SECTION 31, TOWNSHIP 31 SOUTH, RANGE 25 EAST, AT A POINT 5.96 FEET SOUTH OF THE NORTHWEST CORNER OF SAID SECTION 31 (SOUTHWEST CORNER OF SECTION 30, TOWNSHIP 31 SOUTH, RANGE 25 EAST), DESIGNATED AS STATION 592+38.20, BEING A POINT ON THE SURVEY LINE OF THE SURVEY FOR STATE ROAD S-630 (NOW COUNTY ROAD 630); RUN THENCE ALONG SAID SURVEY LINE NORTH 89°57'23" EAST A DISTANCE OF 565.69 FEET; THENCE CONTINUE ALONG SAID SURVEY LINE SOUTH 89°48'22" EAST A DISTANCE OF 2296.11 FEET; RUN THENCE SOUTH 00°11'38" WEST A DISTANCE OF 40.00 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF SR S-630 (NOW CR 630) AND THE POINT OF BEGINNING; RUN THENCE SOUTH 00°11'38" WEST ALONG THE SOUTHERLY RIGHT-OF-WAY OF SAID SR S-630 A DISTANCE OF 10.00 FEET; RUN THENCE SOUTH 89°48'22" EAST ALONG THE SOUTHERLY RIGHT-OF-WAY OF SAID SR S-630 A DISTANCE OF 149.44 FEET; RUN

THENCE SOUTH 24°54'47" EAST A DISTANCE OF 43.91 FEET; RUN THENCE SOUTH 21°47'04" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 20°04'17" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 17°32'15" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 14°05'12" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 12°09'16" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 10°07'22" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 05°16'27" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 04°01'56" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 00°14'38" EAST A DISTANCE OF 483.22 FEET; RUN THENCE SOUTH 89°48'22" EAST A DISTANCE OF 451.59 FEET; RUN THENCE SOUTH 00°00'27" EAST A DISTANCE OF 143.15 FEET; RUN THENCE SOUTH 44°39'20" EAST A DISTANCE OF 53.75 FEET; RUN THENCE SOUTH 89°36'34" EAST A DISTANCE OF 98.18 FEET; RUN THENCE SOUTH 00°14'38" EAST, ALONG A LINE FIVE FEET EASTERLY OF THE CENTERLINE OF A PIPELINE EASEMENT AS DESCRIBED IN OR BOOK 1609, PAGE 79 OF THE PUBLIC RECORDS OF POLK COUNTY, FLORIDA, A DISTANCE OF 737.49 FEET, TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY OF SAID SR S-630. RUN THENCE SOUTH 89°48'22" EAST ALONG THE SOUTHERLY RIGHT-OF-WAY OF SAID SR S-630 A DISTANCE OF 56.24 FEET TO THE POINT OF BEGINNING.

CONTAINING 295,380.39 SQUARE FEET OR 6.77 ACRES MORE OR LESS.

SCHEDULE 2.03

ALLOCATION OF \$445,000,000.00 OF THE PURCHASE PRICE
AMONG
CERTAIN ASSETS OF TIGER BAY LIMITED

<u>Assets</u>	<u>Allocation</u> <u>(\$)</u>
<u>Improvements, easements, and the Lease)</u>	<u>\$158,000,000.00</u>
<u>Power Purchase Agreements</u>	<u>\$281,600,000.00</u>
<u> GPR Power Purchase Agreements</u>	
<u> Timber Power Purchase Agreement</u>	
<u> Brazos River Power Purchase Agreement</u>	
<u>Electrical Interconnect</u>	<u>\$2,500,000.00</u>
<u>Gas Interconnect</u>	<u>\$2,900,000.00</u>
<u>Total:</u>	<u>\$445,000,000.00</u>

SCHEDULE 4.01(c)

VIOLATIONS

None.

SCHEDULE 4.01(e)

CONSENTS AND APPROVALS

1. The consent(s) of the Banks to the execution of this Agreement is required.
2. The consents of various third parties to the assignments of the Assigned Contracts to FPC are required.
3. The consent, authorization and/or approval of various Governmental Entities are required for the assignment of the Permits to FPC.

SCHEDULE 4.01(h)

ENVIRONMENTAL MATTERS

1. Tiger Bay Limited Partnership's application for a Title V Operating Permit was submitted on June 13, 1996 to the State of Florida Department of Environmental Protection ("DEP") in accordance with DEP rules and regulations. The application is currently being reviewed and processed in accordance with such rules and regulations. As of the date of the Purchase Agreement, the Title V Operating Permit may not be issued and/or may be subject to appeal.
2. Tiger Bay Limited Partnership's "Industrial Waste Water and Storm Water Permit" (No. IC53-271795 and RC53-221796) expires on February 28, 1997. In accordance with applicable laws, rules and regulations, Tiger Bay has requested a *de minimis* exemption to operate the waste water treatment facility and storm water collection system. As of the date of the Purchase Agreement, said exemption may not be issued and/or may be subject to appeal.

SCHEDULE 4.01(i)

EFFECTIVENESS AND ENFORCEABILITY OF
AND COMPLIANCE WITH ASSIGNED CONTRACTS

1. See the letter dated April 18, 1996 from Vastar Gas to Tiger Bay re: Vastar Gas' February 28, 1996 request to change Primary Delivery Points per Section 4.02 of the Gas Sales Contract.

SCHEDULE 4.01(m)

TAX DISPUTES

None.

SCHEDULE 5.01(a)

CHANGES

1. Pursuant to Article IV of the Gas Sales Contract, Tiger Bay may be required to agree to the amendment of Exhibit A thereto to reflect the addition, deletion or modification of the Delivery Points listed on such Exhibit A.

SCHEDULE 6.02(i)

FUNDS TO BE RELEASED

1. All funds held in all Accounts (as such term is defined in Section 7.1(a) of the Credit Agreement) with The Fuji Bank and Trust Company.
2. All funds held in all accounts in the name of, or for the benefit of, Tiger Bay or any Affiliate thereof, including, without limitation, escrow accounts, security deposits, letters of credit and other credit support obligations, and the Operational Security Guarantee as defined in the Negotiated Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility dated as of March 28, 1991 between EcoPeat Avon Park, whose interest was assigned to Tiger Bay, and Florida Power Corporation.

ASSIGNMENT AND ASSUMPTION

This ASSIGNMENT AND ASSUMPTION dated as of the _____ day of _____, 1997, among TIGER BAY LIMITED PARTNERSHIP ("Assignor"), FPC ACQUISITION L.L.C. ("Assignee") and FLORIDA POWER CORPORATION ("Guarantor").

RECITALS:

WHEREAS, Assignor, Assignee and Guarantor are parties to the Purchase Agreement ("Purchase Agreement") dated as of January _____, 1997; and

WHEREAS, the execution of this Assignment and Assumption is a condition to the closing under the Purchase Agreement (the "Closing").

NOW, THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Assignment. Assignor hereby transfers and assigns to Assignee all of Assignor's right, title and interest in and to the following:

(a) The contracts listed on Schedule 1 hereto (the "Contracts"); and

(b) The governmental authorizations and permits listed on Schedule 2 hereto, to the extent assignable (the "Permits").

2. Assumption of Liabilities; Indemnification. In connection with, and as partial consideration for, the transfer of the Contracts and Permits, Assignee hereby (i) assumes and agrees to pay, perform, discharge and satisfy when due, any and all obligations and liabilities of Assignor under or arising out of, related to or in connection with the Contracts and the Permits, whether now existing or hereafter arising, and (ii) agrees to indemnify, defend and hold harmless Assignor, its partners, officers, employees, directors and agents (the "Indemnified Parties") from and against any and all loss, cost, damage, liability, claim or expense (including, without limitation, reasonable attorneys' fees and expenses) suffered or incurred by the Indemnified Parties (A) arising out of, related to, or in connection with the Contracts and the Permits after the date hereof and (B) arising out of, related to, or in connection with any breach by Assignee of the representation and warranty contained in Section 4.02(f) of the Purchase Agreement, whether now existing or hereafter arising.

3. Survival of Covenants. The covenants made by Assignor in Sections 2.01, 5.01(f) and 5.01(i), by Assignee in Sections 2.03, 5.02(d), 5.02(f) and 8.01(d)(i), and by Guarantor in Sections 5.02(f), 5.03 and 8.01(d)(i) of the Purchase Agreement shall survive the Closing.

4. Further Assurances. At the request of any party hereto and without any additional consideration, a party shall execute and deliver such further agreements, documents or instruments, and perform such further acts, as may be reasonably requested of it in order to give effect to the provisions of this Assignment and Assumption.

5. Disclaimer of Warranties. **THIS AGREEMENT IS MADE WITHOUT RECOURSE AND ON AN "AS IS, WHERE IS" BASIS AND ASSIGNOR EXPRESSLY DISCLAIMS ALL WARRANTIES AND REPRESENTATIONS OF ANY KIND WHATSOEVER WHETHER EXPRESS OR IMPLIED.**

6. Applicable Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Florida, without giving effect to the conflict of law principles thereof.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

TIGER BAY LIMITED PARTNERSHIP

By: Central Florida DGE, Inc.,
its general partner

By: _____
Name: _____
Title: _____

FPC ACQUISITION L.L.C.

By: _____
Name: _____
Title: _____

FLORIDA POWER CORPORATION

By: _____
Name: _____
Title: _____

SCHEDULE 1

1. Contract for the Purchase of Firm Energy and Capacity from a Qualifying Facility (Unit 1) dated November 30, 1988 between General Peat Resources L.P., whose interest was assigned to Assignor, and Florida Power Corporation, as amended, clarified and supplemented through the date hereof.
2. Contract for the Purchase of Firm Energy and Capacity from a Qualifying Facility (Unit 2) dated November 30, 1988 between General Peat Resources L.P., whose interest was assigned to Assignor, and Florida Power Corporation, as amended, clarified and supplemented through the date hereof.
3. Contract for the Purchase of Firm Energy and Capacity from a Qualifying Facility (Unit 3) dated November 30, 1988 between General Peat Resources L.P., whose interest was assigned to Assignor, and Florida Power Corporation, as amended, clarified and supplemented through the date hereof.
4. Negotiated Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility dated as of March 28, 1991 between EcoPeat Avon Park, whose interest was assigned to Assignor, and Florida Power Corporation, as amended, clarified and supplemented through the date hereof.
5. Standard Offer Contract for Purchase of Firm Energy and Capacity from a Qualifying Facility dated July 1989 between Timber Energy Resources Inc., whose interest was assigned to Assignor, and Florida Power Corporation, as amended, clarified and supplemented through the date hereof.
6. Any interconnection agreements entered into between Tiger Bay and Florida Power Corporation with respect to any of the foregoing, as amended through the date hereof.
7. Sections 3 and 4 of the Lease Termination Agreement dated February 22, 1993 among Florida Power Corporation, Tiger Bay and EcoPeat Avon Park, as amended through the date hereof.
8. Operation and Maintenance Agreement dated as of April 25, 1995 between Florida Power Corporation and Assignor, as amended through the date hereof.
9. Operation and Maintenance Agreement dated as of July 15, 1993 between Assignor and Destec Operating Company, as amended through the date hereof.
10. Gas Sales and Purchase Contract dated September 22, 1993 between Assignor and Vastar Gas Marketing, Inc., as amended through the date hereof.

11. **Parent Guaranty dated September 22, 1993 issued by Atlantic Richfield Company as supplemented by letter agreement dated December 30, 1993 between Assignor and Vastar Gas Marketing, Inc., as amended through the date hereof.**
12. **Firm Transportation Service Agreement (Rate Schedule FTS-1) dated December 30, 1993 between Assignor and Florida Gas Transmission Company, as amended through the date hereof.**
13. **Firm Transportation Service Agreement (Rate Schedule FTS-2) dated December 30, 1993 between Assignor and Florida Gas Transmission Company, as amended through the date hereof.**
14. **Steam Sale Agreement dated as of June 15, 1993 between Assignor and US Agri-Chemicals Corporation, as amended through the date hereof.**
15. **Purchase Order No. 12530001, issued by Destec Engineering, Inc. to General Electric Company, Inc., dated March 10, 1993, and Change Orders 1 through 8 thereto.**
16. **Purchase Order No. 12530013, issued by Destec Engineering, Inc. to General Electric Company, Inc., dated March 17, 1993, and Change Orders 1 through 7 thereto.**
17. **Additional Inventory Contracts (as defined in the Purchase Agreement).**

SCHEDULE 2

PERMITS

<u>Permits</u>	<u>Date of Issuance</u>
1. USEPA - Storm Water NOI, Construction (No. FLR00B155)	09/09/93
2. DOE - Fuel Use Act (Cert. No. 123)	08/16/93
3. FAA - Stack Notice (Study No. 92-ASO-2363-OE)	02/25/93
4. FEMA - Polston Engineering	12/03/92
5. USACOE - Wetlands Delineation Determination	03/31/93
6. FDER/PSD Permit (AC53-21-4903/PSD-FL-190) - Construction	05/17/93
7. FDER Industrial Waste Water and Storm Water Permit (IC53-221795 and RC53-221796) - Construction	05/04/95
8. FDER Air Permit for ZLD (AC53-230744) - Construction	06/29/93
9. FDER - Wetlands Exemption, Interoffice Memorandum	05/12/93
10. Florida - Notice of Commencement	09/03/93
11. FDEP - Storage Tank Registration (I.D. - 53/9300713)	01/07/97
12. Florida - Division of Historical Resources	01/04/93
13. Florida - Division of Historical Resources	02/01/93
14. Florida - Division of Historical Resources (For FPC Substation)	06/15/93
15. SWFWMD - Individual Water Use Permit (2010840.00)	02/24/93
16. Polk County - Commercial Site Plan Approval (133.92)	11/23/92
17. Polk County - Non Certified Electric Power Generating Site Approval (SA-92-01) and Polk County - Conditional Use Permit (CUP-92-17)	11/17/92
18. Polk County - Construction Permit (93080960)	08/13/93

19.	Polk County/HRS - Septic Tank Permit (57037)	11/06/92
20.	Polk County - Solid Waste Disposal	06/25/93
21.	Polk County - Certificate of Concurrency Determination	11/23/93
22.	Polk County - Temporary Sign Permit (Construction)	10/05/93
23.	Polk County - Driveway Approval (1521.92)	11/23/92
24.	USEPA - NPDES Notice of Termination (Construction)	03/28/95
25.	SWFWMD - Well Construction Permit	03/31/94
26.	Polk County HRS - Drinking Water Well System - Construction Permit	04/08/94
27.	USEPA - NPDES General Permit for Storm Water (Operational) Discharges (Notice of Intent)	02/15/95
28.	USEPA - Update SPCC Plan for Oil Containment	02/22/95
29.	FDEP - GT/HRSG Initial Compliance Form	02/13/95
30.	FDEP - GT/HRSG Certification (Continuous Emissions Monitor Test)	10/19/94
31.	FDEP - GT/HRSG Custom Fuel Plan	12/02/95
32.	FDEP - Initial GT/HRSG, ZLD Compliance Source Test	10/19/94
33.	FDEP - ZLD Operating Permit (A053-261950)	01/25/95
34.	FDEP - Wastewater to USAC (or "no action" letter)	04/08/94
35.	FDEP - Best Management Practices Plan for Waste Water Permit	02/22/95
36.	FDEP - Industrial Waste and Storm Water Operating Permit "No Action Letter" - FDEP	12/27/95
37.	FDEP - EPA Hazardous Waste Generator	07/20/94
38.	Polk County - Certificate of Occupancy	10/20/95

- 39. Polk County - Waste Water to USAC (or "no action" letter) 09/20/95
- 40. Polk County - Permanent Sign Permit 12/02/95
- 41. USEPA - Update Storm Water Prevention Plan 12/29/95

PART B - DEFERRED APPROVALS/STUDIES/LETTERS

- 42. FDEP - Title V Operating Permit Application Submitted 6/13/96

ASSIGNMENT AND SUBSTITUTION

For a valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tiger Bay Limited Partnership ("Assignor") hereby transfers, assigns and conveys, effective as of _____, 1997, to FPC Acquisition L.L.C. ("Assignee") all of its right, title and interest in the following described lease:

Lease Agreement dated June 15, 1993 between Tiger Bay Limited Partnership and U.S. Agri-Chemicals Corporation, as amended through the date hereof.

To have and to hold said lease unto said Assignee, its successors and assigns forever, subject to the terms and provisions of said lease.

This Assignment is made without warranty of title, express or implied.

Assignee is hereby substituted for Assignor as the Lessee under the aforesaid lease and assumes and agrees to perform all of the obligations and liabilities of Assignor under the aforesaid Lease. In connection with, and as partial consideration for, the transfer, assignment and conveyance by Assignor to Assignee of all of Assignor's right, title and interest in the aforesaid lease, Assignee agrees to indemnify, defend and hold harmless Assignor, its partners, officers, employees, directors and agents (the "Indemnified Parties"), from and against any and all loss, cost, damage, liability, claim or expense (including, without limitation, reasonable attorneys' fees and expenses) suffered or incurred by the Indemnified Parties arising out of, related to, or in connection with the aforesaid lease or the leased premises described therein after the date hereof.

This Assignment shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns.

In WITNESS WHEREOF, this Assignment is executed this _____ day of _____, 1997.

ASSIGNOR:

ASSIGNEE:

TIGER BAY LIMITED PARTNERSHIP

FPC ACQUISITION L.L.C.

By: Central Florida DGE, Inc.,
its general partner

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

BILL OF SALE

TIGER BAY LIMITED PARTNERSHIP ("Seller"), for good and valuable consideration paid to Seller by FPC ACQUISITION L.L.C. ("Buyer"), the receipt and sufficiency of which are hereby acknowledged, has ASSIGNED, SOLD, CONVEYED and DELIVERED, and does hereby ASSIGN, SELL, CONVEY and DELIVER unto Buyer, its legal representatives, heirs, successors and assigns, all of Seller's right, title and interest, if any, in and to the following:

All of the improvements, fixtures, equipment, machinery and other personal property (collectively, "Personal Property") placed or installed on the real property ("Real Property") situated in Polk County, Florida, as more particularly described on Exhibit "A" which is attached hereto and is fully incorporated by reference herein.

This Bill of Sale is made and accepted subject to all liens, easements, restrictions, covenants and other matters affecting the Real Property.

BUYER TAKES THE PERSONAL PROPERTY "AS IS" AND WITH "ALL FAULTS". SELLER HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATIONS AS TO THE PHYSICAL CONDITION, OPERATION OR ANY OTHER MATTER AFFECTING OR RELATED TO THE PERSONAL PROPERTY AND THIS BILL OF SALE, AND BUYER HEREBY EXPRESSLY ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS HAVE BEEN MADE. SELLER EXPRESSLY DISCLAIMS AND BUYER ACKNOWLEDGES AND ACCEPTS THAT SELLER HAS DISCLAIMED TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY AND ALL REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND, ORAL OR WRITTEN, EXPRESS OR IMPLIED, CONCERNING THE PROPERTY, INCLUDING, WITHOUT LIMITATION, (i) THE VALUE, CONDITION, MERCHANTABILITY, MARKETABILITY, PROFITABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE OF THE PROPERTY, (ii) THE MANNER OR QUALITY OF THE CONSTRUCTION OF MATERIALS, IF ANY, INCORPORATED INTO ANY OF THE PROPERTY, AND (iii) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY.

In connection with, and as partial consideration for, the assignment, sale, conveyance and delivery by Seller to Buyer of all of Seller's right, title and interest, if any, in and to the Personal Property, Buyer agrees to indemnify, defend and hold harmless Seller, its partners, officers, employees, directors and agents (the "Indemnified Parties") from and against any and all loss, cost, damage, liability, claim or expense (including, without limitation, reasonable attorneys' fees and expenses) suffered or incurred by the Indemnified Parties arising out of, related to, or in connection with the Personal Property and the Real Property after the date hereof.

This Bill of Sale shall be construed and interpreted in accordance with the laws of the State of Florida.

EFFECTIVE as of the _____ day of _____, 1997__.

SELLER:

TIGER BAY LIMITED PARTNERSHIP

By: Central Florida DGE, Inc.,
its general partner

By: _____
Name: _____
Title: _____

BUYER:

FPC ACQUISITION L.L.C.

By: _____
Name: _____
Title: _____

EXHIBIT "A"

PLANT SITE DESCRIPTION

A PARCEL OF LAND LYING AND BEING IN SECTION 31, TOWNSHIP 31 SOUTH, RANGE 25 EAST, IN POLK COUNTY, FLORIDA, BEING DESCRIBED AS FOLLOWS:

COMMENCE ON THE WEST BOUNDARY LINE OF SECTION 31, TOWNSHIP 31 SOUTH, RANGE 25 EAST, AT A POINT 5.96 FEET SOUTH OF THE NORTHWEST CORNER OF SAID SECTION 31 (SOUTHWEST CORNER OF SECTION 30, TOWNSHIP 31 SOUTH, RANGE 25 EAST), DESIGNATED AS STATION 592+38.20, BEING A POINT ON THE SURVEY LINE OF THE SURVEY FOR STATE ROAD S-630 (NOW COUNTY ROAD 630); RUN THENCE ALONG SAID SURVEY LINE NORTH 89°57'23" EAST A DISTANCE OF 565.69 FEET; THENCE CONTINUE ALONG SAID SURVEY LINE SOUTH 89°48'22" EAST A DISTANCE OF 2296.11 FEET; RUN THENCE SOUTH 00°11'38" WEST A DISTANCE OF 40.00 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF SR S-630 (NOW CR 630) AND THE POINT OF BEGINNING; RUN THENCE SOUTH 00°11'38" WEST ALONG THE SOUTHERLY RIGHT-OF-WAY OF SAID SR S-630 A DISTANCE OF 10.00 FEET; RUN THENCE SOUTH 89°48'22" EAST ALONG THE SOUTHERLY RIGHT-OF-WAY OF SAID SR S-630 A DISTANCE OF 149.44 FEET; RUN

THENCE SOUTH 24°54'47" EAST A DISTANCE OF 43.91 FEET; RUN THENCE SOUTH 21°47'04" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 20°04'17" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 17°32'15" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 14°05'12" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 12°09'16" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 10°07'22" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 05°16'27" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 04°01'56" EAST A DISTANCE OF 50.00 FEET; RUN THENCE SOUTH 00°14'38" EAST A DISTANCE OF 483.22 FEET; RUN THENCE SOUTH 89°48'22" EAST A DISTANCE OF 451.59 FEET; RUN THENCE SOUTH 00°00'27" EAST A DISTANCE OF 143.15 FEET; RUN THENCE SOUTH 44°39'20" EAST A DISTANCE OF 53.75 FEET; RUN THENCE SOUTH 89°36'34" EAST A DISTANCE OF 98.18 FEET; RUN THENCE SOUTH 00°14'38" EAST, ALONG A LINE FIVE FEET EASTERLY OF THE CENTERLINE OF A PIPELINE EASEMENT AS DESCRIBED IN OR BOOK 1609, PAGE 79 OF THE PUBLIC RECORDS OF POLK COUNTY, FLORIDA, A DISTANCE OF 737.49 FEET, TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY OF SAID SR S-630, RUN THENCE SOUTH 89°48'22" EAST ALONG THE SOUTHERLY RIGHT-OF-WAY OF SAID SR S-630 A DISTANCE OF 56.24 FEET TO THE POINT OF BEGINNING.

CONTAINING 295,380.39 SQUARE FEET OR 6.77 ACRES MORE OR LESS

FORM OF OPINION OF COUNSEL TO TIGER BAY LIMITED PARTNERSHIP

_____, 1997

FPC Acquisition L.L.C.
Florida Power Corporation
3201 Thirty-fourth Street South
St. Petersburg, FL 33704

Gentlemen:

We have acted as special counsel to Tiger Bay Limited Partnership, a Delaware limited partnership ("Tiger Bay"), in connection with the transaction contemplated by the Purchase Agreement dated as of January ___, 1997, among Tiger Bay, FPC Acquisition L.L.C. ("NEWCO") and Florida Power Corporation ("FPC"). Capitalized terms not otherwise defined in this letter shall have the meanings specified in the Purchase Agreement.

In giving this opinion we have examined an executed counterpart of the Purchase Agreement. We have further examined and relied, without independent verification, upon the accuracy of original, certified, photographic or telecopied copies of such partnership records, certificates and other documents as we have deemed necessary or appropriate to enable us to render the opinions expressed in this letter. In all such examinations, we have assumed: (i) the genuineness of all such signatures (other than those of Tiger Bay); (ii) the conformity to the original document of all copies submitted to us as certified, conformed, photographic or telecopied copies; and (iii) as to certificates and telegraphic and telephonic confirmations given by public officials, that the same have been properly given and are accurate as of the date hereof.

As to questions of fact material to our opinion, we have relied upon the accuracy of statements, representations and warranties of Tiger Bay made in the Purchase Agreement and certificates and other documents delivered in connection with the transaction contemplated by the Purchase Agreement. Although we have made no independent investigation or inquiry with respect to such factual matters, nothing has come to our attention which would cause us to believe that our reliance on the foregoing is inappropriate.

We have further assumed: that FPC and NEWCO have all requisite corporate power and authority and have taken all necessary action to duly authorize FPC and NEWCO to enter into the Purchase Agreement and to perform their obligations thereunder and under the documents and instruments executed and delivered in connection therewith by FPC and NEWCO; that the Purchase Agreement

and any document, instrument or certificate delivered by FPC and NEWCO in accordance therewith are the legal, valid and binding obligations of FPC and NEWCO and are enforceable against FPC and NEWCO in accordance with their respective terms; and that FPC and NEWCO were, as of the time the parties executed the Purchase Agreement, and are currently, in good standing in Florida.

Based on the foregoing, and subject to the specified assumptions, qualifications and reliances described in this letter, it is our opinion that:

1. Tiger Bay is a limited partnership validly existing and in good standing under the laws of the State of Delaware, and has all of the necessary partnership power and authority to conduct its business as presently conducted.

2. All partnership proceedings required to be taken by or on the part of Tiger Bay to authorize it to execute and deliver the Purchase Agreement and to consummate the transaction contemplated thereby have been duly and properly taken.

3. The Purchase Agreement has been duly and validly authorized, executed and delivered by Tiger Bay.

4. Neither the execution and delivery of the Purchase Agreement by Tiger Bay nor the consummation of the transaction contemplated thereby (i) conflict with Tiger Bay's certificate of limited partnership or the Partners' 'p Agreement, or (ii) conflict in any respect with or result in a breach of or default under, or give rise to any right of acceleration or termination under or result in the creation or imposition of any lien, charge or encumbrance upon the Assets pursuant to, or require the consent of any other party (which has not been obtained) to, any note, bond, mortgage, indenture or agreement which is listed on Schedule 1 hereto, copies of which have been furnished to us by Tiger Bay, nor does the consummation of the transaction contemplated thereby and compliance by Tiger Bay with the provisions thereof violate any material order, writ, injunction, decree, statute, rule or regulation applicable to Tiger Bay or any of the Assets which was identified to us on a certificate delivered to us by Tiger Bay and which is attached hereto as Schedule 2.

5. Except for the requirements of the HSR Act, no consent, approval or authorization of, or declaration, filing or registration with, any Governmental Entity is required in connection with the execution, delivery and performance of the Purchase Agreement by Tiger Bay or the consummation by Tiger Bay of the transaction contemplated thereby.

6. To our knowledge, based on a certificate delivered to us by Tiger Bay and attached hereto as Schedule 2 and without any independent investigation, there is no litigation, proceeding, or investigation, pending or overtly threatened, against or involving Tiger Bay, which is reasonably likely to have a material adverse effect on Tiger Bay or that questions or challenges the validity of the Purchase Agreement or any action taken or to be taken by Tiger Bay pursuant to the Purchase Agreement or in connection with the transaction contemplated thereby.

We express no opinion as to matters which may be governed by the substantive laws of any state other than the Delaware Revised Uniform Limited Partnership Act or the laws of the United States of America.

This opinion is furnished by us at your request and for your sole benefit, and no other person or entity shall be entitled to rely on this opinion without our express prior written consent. This opinion shall not be published or reproduced in any manner or distributed or circulated to any person or entity without our express written consent, except that you may give copies of this letter: (i) to your independent auditors and attorneys; (ii) to any state or federal authority having regulatory jurisdiction over you; (iii) pursuant to order or legal process of any court or governmental agency; and (iv) in connection with any legal activities to which you are a party arising out of the transaction which is the subject of the Purchase Agreement. Our opinion is limited to the matters stated in this letter, and no opinion is implied or may be inferred beyond the matters expressly stated in this letter.

The opinions expressed herein are based upon laws as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions hereafter enacted or rendered. Our rendering of the opinions expressed herein does not require and shall not be construed to constitute a continuing obligation on our part to update our opinions or notify or otherwise inform you of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or laws or judicial decisions hereafter enacted or rendered which affect our opinions.

FORM OF OPINION OF FLORIDA COUNSEL TO TIGER BAY LIMITED PARTNERSHIP

_____, 1997

FPC Acquisition L.L.C..
Florida Power Corporation
3201 Thirty-fourth Street South
St. Petersburg, FL 33704

Gentlemen:

We have acted as special counsel to Tiger Bay Limited Partnership, a Delaware limited partnership ("Tiger Bay"), in connection with the transaction contemplated by the Purchase Agreement dated as of January ____, 1997, among Tiger Bay, FPC Acquisition L.L.C. ("NEWCO") and Florida Power Corporation ("FPC"). Capitalized terms not otherwise defined in this letter shall have the meanings specified in the Purchase Agreement.

In giving this opinion we have examined executed counterparts of the Purchase Agreement, Assignment and Assumption, Assignment and Substitution, and Bill of Sale. We have further examined and relied, without independent verification, upon the accuracy of original, certified, photographic or telecopied copies of such partnership records, certificates and other documents as we have deemed necessary or appropriate to enable us to render the opinions expressed in this letter. In all such examinations, we have assumed: (i) the genuineness of all such signatures (other than those of Tiger Bay); (ii) the conformity to the original document of all copies submitted to us as certified, conformed, photographic or telecopied copies; and (iii) as to certificates and telegraphic and telephonic confirmations given by public officials, that the same have been properly given and are accurate as of the date hereof.

As to questions of fact material to our opinion, we have relied upon the accuracy of statements, representations and warranties of Tiger Bay made in the Purchase Agreement and certificates and other documents delivered in connection with the transaction contemplated by the Purchase Agreement. Although we have made no independent investigation or inquiry with respect to such factual matters, nothing has come to our attention which would cause us to believe that our reliance on the foregoing is inappropriate.

We have further assumed: that FPC and NEWCO have all requisite corporate power and authority and have taken all necessary action to duly authorize FPC and NEWCO to enter into the Purchase Agreement and to perform their obligations thereunder and under the documents and instruments

executed and delivered in connection therewith by FPC and NEWCO; that the Purchase Agreement and any document, instrument or certificate delivered by FPC and NEWCO in accordance therewith are the legal, valid and binding obligations of FPC and NEWCO and are enforceable against FPC and NEWCO in accordance with their respective terms; and that FPC and NEWCO were, as of the time the parties executed the Purchase Agreement, and are currently, in good standing in Florida.

Based on the foregoing, and subject to the specified assumptions, qualifications and reliances described in this letter, it is our opinion that:

1. Tiger Bay is a foreign limited partnership validly existing and in good standing under the laws of the State of Florida, and has all of the necessary partnership power and authority to conduct its business as presently conducted.

2. Each of the Purchase Agreement, Assignment and Assumption, Assignment and Substitution, and Bill of Sale constitutes a legal, valid and binding obligation of Tiger Bay, enforceable against Tiger Bay in accordance with its terms, except as such enforceability may be limited by (i) general principle of equity (regardless of whether enforceability is considered in a proceeding at law or in equity); and (ii) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

3. No consent, approval or authorization of, or declaration, filing or registration with, any Governmental Entity is required in connection with the execution, delivery and performance of the Purchase Agreement by Tiger Bay or the consummation by Tiger Bay of the transaction contemplated thereby.

We express no opinion as to matters which may be governed by the substantive laws of any state other than Florida.

This opinion is furnished by us at your request and for your sole benefit, and no other person or entity shall be entitled to rely on this opinion without our express prior written consent. This opinion shall not be published or reproduced in any manner or distributed or circulated to any person or entity without our express written consent, except that you may give copies of this letter: (i) to your independent auditors and attorneys; (ii) to any state or federal authority having regulatory jurisdiction over you; (iii) pursuant to order or legal process of any court or governmental agency; and (iv) in connection with any legal activities to which you are a party arising out of the transaction which is the subject of the Purchase Agreement. Our opinion is limited to the matters stated in this letter, and no opinion is implied or may be inferred beyond the matters expressly stated in this letter.

The opinions expressed herein are based upon laws as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions hereafter enacted or rendered. Our rendering of the opinions expressed herein does not require and shall not be construed to constitute a continuing obligation on our part to update our opinions or notify or otherwise inform you of the amendment, repeal or other modification of the applicable laws or

judicial decisions that served as the basis for our opinions or laws or judicial decisions hereafter enacted or rendered which affect our opinions.

FORM OF OPINION OF COUNSEL TO FPC ACQUISITION L.L.C. AND
FLORIDA POWER CORPORATION

_____, 1997

Tiger Bay Limited Partnership
2500 CityWest Blvd.
Suite 150
Houston, TX 77042

Gentlemen:

We have acted as special counsel to FPC Acquisition L.L.C., a Delaware limited liability company ("NEWCO"), and Florida Power Corporation, a Florida corporation ("FPC"), in connection with the transaction contemplated by the Purchase Agreement dated as of January __, 1997, among Tiger Bay Limited Partnership ("Tiger Bay"), NEWCO and FPC. Capitalized terms not otherwise defined in this letter shall have the meanings specified in the Purchase Agreement.

In giving this opinion we have examined executed counterparts of the Purchase Agreement, Assignment and Assumption, Assignment and Substitution, and Bill of Sale. We have further examined and relied, without independent verification, upon the accuracy of original, certified, photographic or telecopied copies of such corporate records, certificates and other documents as we have deemed necessary or appropriate to enable us to render the opinions expressed in this letter. In all such examinations, we have assumed: (i) the genuineness of all such signatures (other than those of NEWCO and FPC); (ii) the conformity to the original document of all copies submitted to us as certified, conformed, photographic or telecopied copies; and (iii) as to certificates and telegraphic and telephonic confirmations given by public officials, that the same have been properly given and are accurate as of the date hereof.

As to questions of fact material to our opinion, we have relied upon the accuracy of statements, representations and warranties of NEWCO and FPC made in the Purchase Agreement and certificates and other documents delivered in connection with the transaction contemplated by the Purchase Agreement. Although we have made no independent investigation or inquiry with respect to such factual matters, nothing has come to our attention which would cause us to believe that our reliance on the foregoing is inappropriate.

We have further assumed: that Tiger Bay has all requisite partnership power and authority and has taken all necessary action to duly authorize Tiger Bay to enter into the Purchase Agreement and to

perform its obligations thereunder and under the documents and instruments executed and delivered in connection therewith by Tiger Bay; that the Purchase Agreement and any document, instrument or certificate delivered by Tiger Bay in accordance therewith are the legal, valid and binding obligations of Tiger Bay and are enforceable against Tiger Bay in accordance with their respective terms; and that Tiger Bay was, as of the time the parties executed the Purchase Agreement, and is currently, in good standing in Florida.

Based on the foregoing, and subject to the specified assumptions, qualifications and reliances described in this letter, it is our opinion that:

1. FPC is a corporation duly organized, validly existing and of active status under the laws of the State of Florida. NEWCO is a limited liability company duly organized, validly existing and of active status under the laws of the State of Delaware. Each of FPC and NEWCO has all of the necessary power and authority to conduct its business as presently conducted.

2. All proceedings required to be taken by or on behalf of (i) FPC and NEWCO to authorize them to execute and deliver the Purchase Agreement and the Assignment and Assumption and to consummate the transaction contemplated thereby, and (ii) NEWCO to authorize it to execute and deliver the Assignment and Substitution and Bill of Sale and to consummate the transaction contemplated thereby, have been duly and properly taken.

3. Each of the Purchase Agreement, Assignment and Assumption, Assignment and Substitution, and Bill of Sale has been duly and validly authorized, executed and delivered by NEWCO and constitutes a legal, valid and binding obligation of NEWCO, enforceable against NEWCO in accordance with its terms, except as such enforceability may be limited by (i) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity); and (ii) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

4. Each of the Purchase Agreement and the Assignment and Assumption has been duly and validly authorized, executed and delivered by FPC and constitutes a legal, valid and binding obligation of FPC, enforceable against FPC in accordance with its terms, except as such enforceability may be limited by (i) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity); and (ii) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

5. Except for the requirements of the HSR Act and the authorizations by the FERC and the FPSC described in Sections 6.01(c) and 6.02(c) of the Purchase Agreement, no consent, approval or authorization of, or declaration, filing or registration with, any Governmental Entity is required in connection with the execution, delivery and performance of the Purchase Agreement by FPC and NEWCO or the consummation by FPC and NEWCO of the transaction contemplated thereby.

6. Neither the execution and delivery of the Purchase Agreement by FPC or NEWCO nor the consummation of the transaction contemplated thereby (i) conflict with FPC's certificate of incorporation or its bylaws, or with NEWCO's certificate of formation or its limited liability company agreement or (ii) conflict in any respect with or result in a breach of or default under, or give rise to any right of acceleration or termination under or result in the creation or imposition of any lien, charge or encumbrance upon any of their properties pursuant to, or require the consent of any other party (which has not been obtained) to, any note, bond, mortgage, indenture or agreement to which either is a party or by which either is bound or to which any of their properties is subject, nor does the consummation of the transaction contemplated thereby and compliance by FPC and NEWCO with the provisions thereof violate any material order, writ, injunction, decree, statute, rule or regulation applicable to FPC or NEWCO or any of their properties.

7. There is no litigation, proceeding, or investigation, pending or overtly threatened, against or involving FPC or NEWCO which is reasonably likely to have a material adverse effect on FPC or NEWCO or that questions or challenges the validity of the Purchase Agreement or any action taken or to be taken by FPC or NEWCO pursuant to the Purchase Agreement or in connection with the transaction contemplated thereby.

We express no opinion as to matters which may be governed by the substantive laws of any jurisdiction other than the state of Florida or the federal laws of the United States of America.

This opinion is furnished by us at your request and for your sole benefit, and no other person or entity shall be entitled to rely on this opinion without our express prior written consent. This opinion shall not be published or reproduced in any manner or distributed or circulated to any person or entity without our express written consent, except that you may give copies of this letter: (i) to your independent auditors and attorneys; (ii) to any state or federal authority having regulatory jurisdiction over you; (iii) pursuant to order or legal process of any court or governmental agency; and (iv) in connection with any legal activities to which you are a party arising out of the transaction which is the subject of the Purchase Agreement. Our opinion is limited to the matters stated in this letter, and no opinion is implied or may be inferred beyond the matters expressly stated in this letter. We have no duty to update our opinion in light of changes in the law or circumstances that may come to our attention after the Closing.

The opinions expressed herein are based upon laws as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions hereafter enacted or rendered. Our rendering of the opinions expressed herein does not require and shall not be construed to constitute a continuing obligation on our part to update our opinions or notify or otherwise inform you of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or laws or judicial decisions hereafter enacted or rendered which affect our opinions

**Petition for Expedited Approval of an Agreement to
Purchase the Tiger Bay Cogeneration Facility and
Terminate Related Purchased Power Contracts
by Florida Power Corporation**

EXHIBIT B

TIGER BAY BENEFITS TABLES

**Savings Due to the Purchase of Tiger Bay
Economic Evaluation of Purchase
(\$000)**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<u>Tiger Bay Transaction</u>							
<u>Year</u>	<u>Existing Contract Total</u>	<u>Fuel Cost</u>	<u>Base Rate Cost</u>	<u>Buyout Cost</u>	<u>Total</u>	<u>(1)-(4) Net Savings</u>	<u>Cost</u>	<u>Savings</u>
1997	37,931	20,947	5,776	48,811	75,534	(37,603)	(37,603)	0
1998	78,447	41,488	21,508	97,622	160,614	(82,167)	(82,167)	0
1999	82,193	42,099	16,414	97,622	155,134	(72,942)	(72,942)	0
2000	87,604	44,660	16,659	97,622	159,061	(71,257)	(71,257)	0
2001	90,998	44,529	20,770	97,622	162,922	(71,926)	(71,926)	0
2002	95,054	45,903	16,431	48,811	111,145	(16,091)	(16,091)	0
2003	99,808	47,225	15,070	0	62,296	37,512	0	37,512
2004	105,228	48,703	16,780	0	65,483	39,745	0	39,745
2005	103,086	50,235	21,199	0	71,434	31,652	0	31,652
2006	108,359	51,723	13,769	0	65,492	42,667	0	42,668
2007	113,331	53,361	17,392	0	70,724	42,607	0	42,607
2008	119,336	55,064	18,888	0	73,932	45,404	0	45,404
2009	124,670	56,833	12,525	0	69,358	55,312	0	55,312
2010	131,228	58,670	17,157	0	75,827	55,401	0	55,401
2011	138,914	37,397	16,651	0	54,048	82,867	0	82,867
2012	144,557	37,975	11,566	0	49,541	95,016	0	95,016
2013	151,642	38,566	16,127	0	54,692	96,949	0	96,949
2014	159,419	39,168	15,408	0	54,576	104,844	0	104,844
2015	167,581	39,782	14,087	0	53,869	113,712	0	113,712
2016	176,288	40,409	15,281	0	55,690	120,597	0	120,597
2017	185,528	41,048	20,239	0	61,287	124,241	0	124,241
2018	195,302	41,699	12,789	0	54,488	140,813	0	140,813
2019	205,642	42,364	19,021	0	61,385	144,257	0	144,257
2020	216,603	43,042	24,822	0	67,864	148,739	0	148,739
2021	228,225	43,734	14,066	0	57,800	170,425	0	170,425
2022	240,527	44,439	20,154	0	64,593	175,934	0	175,934
2023	253,588	45,159	14,739	0	59,898	193,671	0	193,671
2024	267,396	45,893	15,478	0	61,371	206,025	0	206,025
2025	80,958	46,642	23,841	0	70,283	10,676	0	10,676
Total =	\$4,187,520	\$1,268,674	\$483,356	\$488,110	\$2,260,139	\$1,927,380	(\$351,988)	\$2,279,368
NPV at 6/97	\$1,285,202	\$497,955	\$184,663	\$399,592	\$1,082,211	\$202,691	(\$292,702)	\$495,693

Benefit/Cost Ratio (nominal dollars) =

6.6

**Savings Due to the Purchase of Tiger Bay
Scenario #1 - Base Rate Cost Recovery after 2002
(\$000)**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Existing Contract	Tiger Bay Transaction				(1)-(4) Net		
Year	Total	Fuel Cost	Base Rate Cost	Buyout Cost	Total	Customer Savings	Customer Cost	Customer Savings
1997	37,931	20,947	0	48,811	69,758	(31,827)	(31,827)	0
1998	78,447	41,488	0	97,622	139,108	(60,661)	(60,661)	0
1999	82,193	42,099	0	97,622	139,721	(57,528)	(57,528)	0
2000	87,804	44,580	0	97,622	142,202	(54,398)	(54,398)	0
2001	90,998	44,529	0	97,622	142,151	(51,158)	(51,158)	0
2002	95,054	45,903	0	48,811	94,714	340	0	340
2003	99,608	47,225	15,070	0	62,296	37,512	0	37,512
2004	105,228	48,703	16,780	0	65,483	39,745	0	39,745
2005	103,068	50,235	21,199	0	71,434	31,652	0	31,652
2006	108,359	51,723	13,769	0	65,492	42,668	0	42,668
2007	113,331	53,361	17,362	0	70,724	42,607	0	42,607
2008	119,338	55,064	18,888	0	73,952	45,404	0	45,404
2009	124,670	56,833	12,525	0	69,358	55,312	0	55,312
2010	131,228	58,670	17,157	0	75,827	55,401	0	55,401
2011	136,914	37,397	16,651	0	54,048	82,867	0	82,867
2012	144,557	37,975	11,566	0	49,541	95,016	0	95,016
2013	151,542	38,668	16,127	0	54,795	96,849	0	96,849
2014	159,419	39,168	15,408	0	54,576	104,844	0	104,844
2015	167,581	39,782	14,087	0	53,869	113,712	0	113,712
2016	176,286	40,409	15,281	0	55,690	120,597	0	120,597
2017	185,528	41,048	20,239	0	61,287	124,241	0	124,241
2018	195,302	41,699	12,769	0	54,468	140,813	0	140,813
2019	205,642	42,364	19,021	0	61,385	144,257	0	144,257
2020	216,603	43,042	24,622	0	67,664	148,939	0	148,939
2021	228,225	43,734	14,066	0	57,800	170,425	0	170,425
2022	240,527	44,439	20,154	0	64,593	175,934	0	175,934
2023	253,588	45,159	14,739	0	59,898	193,671	0	193,671
2024	267,398	45,893	15,478	0	61,371	208,025	0	208,025
2025	80,958	46,542	23,641	0	70,183	10,676	0	10,676
Total =	\$4,187,520	\$1,289,674	\$396,600	\$489,110	\$2,163,384	\$2,024,136	(\$255,570)	\$2,279,706
NPV at 6/87	\$1,285,202	\$497,955	\$107,172	\$399,692	\$1,004,719	\$280,483	(\$216,435)	\$485,917

Benefit/Cost Ratio (nominal dollars) = 8.9

Savings Due to the Purchase of Tiger Bay
Scenario #2 - No Base Rate Cost Recovery
(\$000)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Tiger Bay Transaction					(1)-(4) Net		
Year	Existing Contract Total	Fuel Cost	Base Rate Cost	Buyout Cost	Total	Customer Savings	Customer Cost	Customer Savings
1997	37,931	20,947	0	48,811	69,758	(31,827)	(31,827)	0
1998	78,447	41,488	0	97,622	139,108	(60,661)	(60,661)	0
1999	82,193	42,099	0	97,622	139,721	(57,528)	(57,528)	0
2000	87,804	44,580	0	97,622	142,202	(54,398)	(54,398)	0
2001	90,996	44,529	0	97,622	142,151	(51,156)	(51,156)	0
2002	95,054	45,903	0	48,811	94,714	340	0	340
2003	99,808	47,225	0	0	47,226	52,583	0	52,583
2004	105,228	48,703	0	0	48,703	56,525	0	56,525
2005	103,088	50,235	0	0	50,235	52,851	0	52,851
2006	108,359	51,723	0	0	51,723	58,837	0	58,837
2007	113,331	53,381	0	0	53,381	59,989	0	59,989
2008	119,338	55,084	0	0	55,084	64,272	0	64,272
2009	124,670	56,833	0	0	56,833	67,837	0	67,837
2010	131,228	58,670	0	0	58,670	72,558	0	72,558
2011	136,914	37,397	0	0	37,397	99,518	0	99,518
2012	144,557	37,875	0	0	37,875	106,581	0	106,581
2013	151,542	38,588	0	0	38,588	112,976	0	112,976
2014	159,419	39,188	0	0	39,188	120,252	0	120,252
2015	167,581	39,782	0	0	39,782	127,799	0	127,799
2016	176,288	40,409	0	0	40,409	135,878	0	135,878
2017	185,528	41,048	0	0	41,048	144,480	0	144,480
2018	195,302	41,899	0	0	41,899	153,602	0	153,602
2019	205,642	42,384	0	0	42,384	163,278	0	163,278
2020	216,803	43,042	0	0	43,042	173,561	0	173,561
2021	228,225	43,734	0	0	43,734	184,491	0	184,491
2022	240,527	44,439	0	0	44,439	196,088	0	196,088
2023	253,568	45,159	0	0	45,159	208,409	0	208,409
2024	267,398	45,893	0	0	45,893	221,503	0	221,503
2025	80,958	46,642	0	0	46,642	34,317	0	34,317
Total =	\$4,187,520	\$1,288,874	\$0	\$488,110	\$1,776,784	\$2,410,738	(\$255,670)	\$2,666,308
NPV at 6/87	\$1,285,262	\$497,955	\$0	\$399,592	\$897,847	\$387,855	(\$216,435)	\$803,089

Benefit/Cost Ratio (nominal dollars) = 10.4

**Cost of the Tiger Bay Contract
(\$000)**

	(1)	(2)	(3)	(4)	(5)	(6)
			(1)+(2)			(3)-(4)-(5)
	<u>Contract Capacity Cost</u>	<u>Contract Energy Cost</u>	<u>Total Contract Cost</u>	<u>FPC Lease Payments</u>	<u>FPC Royalty Payments</u>	<u>Contract Case Total</u>
1997	24,753	13,787	38,539	414	194	37,931
1998	52,504	27,282	79,785	828	511	78,447
1999	55,686	27,977	83,663	828	643	82,193
2000	59,073	30,335	89,408	828	77	87,804
2001	62,651	30,093	92,744	828	920	90,996
2002	66,427	30,497	96,924	828	1,054	95,064
2003	70,495	31,368	101,863	828	1,227	99,808
2004	74,778	32,698	107,476	828	1,421	105,228
2005	77,200	28,010	105,210	828	1,298	103,088
2006	81,890	28,778	110,668	828	1,481	108,359
2007	86,877	29,305	116,182	1,200	1,651	113,331
2008	92,155	30,251	122,406	1,200	1,870	119,336
2009	97,787	30,148	127,934	1,200	2,065	124,870
2010	103,751	30,990	134,741	1,200	2,312	131,228
2011	110,078	31,489	141,568	1,200	3,453	136,914
2012	116,790	32,694	149,484	1,200	3,727	144,557
2013	123,921	32,794	156,715	1,200	3,973	151,542
2014	131,497	33,377	164,874	1,200	4,254	159,419
2015	139,539	33,789	173,328	1,200	4,547	167,581
2016	148,072	34,274	182,347	1,200	4,860	176,286
2017	157,158	34,784	191,942	1,200	5,195	185,528
2018	166,792	35,260	202,052	1,200	5,550	195,302
2019	177,010	35,780	212,770	1,200	5,928	205,642
2020	187,868	36,287	224,134	1,200	6,331	216,603
2021	199,408	36,779	236,184	1,200	6,759	228,225
2022	211,648	37,295	248,942	1,200	7,214	240,527
2023	224,649	37,818	262,467	1,200	7,699	253,568
2024	238,464	38,347	276,811	1,200	8,215	267,396
2025	43,662	38,881	82,543	1,200	384	80,958
Total 1997-2025 =	\$3,382,689	\$931,108	\$4,313,695	\$30,663	\$95,612	\$4,187,520
NPV at 6/97	\$982,617	\$336,126	\$1,318,644	\$10,643	\$22,799	\$1,285,202

**Petition for Expedited Approval of an Agreement to
Purchase the Tiger Bay Cogeneration Facility and
Terminate Related Purchased Power Contracts
by Florida Power Corporation**

EXHIBIT C

TIGER BAY BENEFITS GRAPH

Exhibit C Cost Impact of Tiger Bay Purchase

