



R. Wade Litchfield  
 Senior Attorney  
 Florida Authorized House Counsel  
 Florida Power & Light Company  
 700 Universe Boulevard  
 Juno Beach, FL 33408-0420  
 (561) 691-7135 (Facsimile)

Writer's Direct Dial:  
 (561) 691-7101

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July 17, 2000

**VIA HAND DELIVERY**

Ms. Blanca S. Bayó  
 Director  
 Division of Records and Reporting  
 Florida Public Service Commission  
 Betty Easley Conference Center  
 2540 Shumard Oak Boulevard  
 Room 110  
 Tallahassee, FL 32399-0850

000868-EC

**Re: Florida Power & Light Company's Petition  
 For Approval of Standard Offer Contract  
 Docket No.**

Dear Ms. Bayó:

I enclose and hand you herewith an original and fifteen (15) copies of Florida Power & Light Company's ("FPL") Petition for Approval of Standard Offer Contract. Included as Exhibits to the Petition are the following tariff sheets (in legislative and final format):

Tariff Sheets Nos. 9.850 through 9.861, representing the Standard Offer Contract, and Nos. 10.200 through 10.213.8, representing the revised COG-2 and other exhibits to the Standard Offer Contract.

Also enclosed herewith is a diskette containing FPL's Petition in word perfect format.

If you have any questions please feel free to call me at the number listed above. Thank you for your consideration in this matter.

Sincerely,

*R. Wade Litchfield*  
 R. Wade Litchfield

REC  
Man  
 FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE  
 08587 JUL 17 8  
 FPSC-RECORDS/REPORTING

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition of Florida Power                    )     DOCKET NO.  
& Light Company For Approval                 )  
of a Standard Offer Contract                    )     Filed: \_\_\_\_\_

**PETITION OF FLORIDA POWER AND LIGHT COMPANY  
FOR APPROVAL OF A STANDARD OFFER CONTRACT**

**NOW BEFORE THIS COMMISSION**, through undersigned Counsel, comes Florida Power & Light Company ("FPL") pursuant to Section 366.051, Florida Statutes, and Rules 25-17.0832(4) and 28-106.201, Florida Administrative Code, hereby requests approval of its Standard Offer Contract and a revised COG-2 tariff. In support of this Petition FPL states as follows:

1. FPL is a public utility subject to the jurisdiction of the Florida Public Service Commission ("Commission") under Chapter 366, Florida Statutes. FPL's General Offices are located at 9250 West Flagler Street, Miami, FL 33174.
  
2. Any pleading, motion, notice, order or other document required to be served upon the petitioner or filed by any party to this proceeding should be served upon the following individuals:

William G. Walker, III  
Vice President  
Florida Power & Light Company  
215 South Monroe Street  
Suite 810  
Tallahassee, FL 32301-1859  
(850) 224-7517  
(850) 224-7197 (telecopier)

R. Wade Litchfield  
Senior Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408-0420  
(561) 691-7101  
(561) 691-7135 (telecopier)

3. This filing is made pursuant to Rule 25-17.0832(4) of the Florida Administrative Code, which requires that the Commission approve the standard offer contracts of jurisdictional electric utilities such as FPL. FPL is not aware of any disputed issues of material fact concerning this filing. However, FPL is seeking a variance from the application of Rule 25-17.0832(4)(e), Florida Administrative Code.

4. FPL's current Ten Year Site Plan (April 2000) shows the addition of new generating capacity in 2001 and 2002. FPL previously filed for a 2001 standard offer contract in Docket No. 990249-EG. That standard offer contract was approved by the Commission on March 7, 2000 and the two week open solicitation period for the standard offer contract closed without any subscription. FPL now plans to install two combustion turbines ("CT") at its Martin site that will assist in meeting FPL's winter 2001/2002 forecasts. Although the Martin CTs are scheduled to come on line in 2001, the Standard Offer Contract is based on 2002 requirements. A 2002 contract is appropriate because the CTs will t assist in meeting FPL's winter 2001/2002 forecasts, and because FPL has already issued this year a standard offer contract against 2001

CTs and received no response. In addition, because the current eligibility pool for any standard offer contract pursuant to Rule 25-17.0832(4) is very limited, the Standard Offer Contract will not defer or avoid this capacity.

5. The proposed Standard Offer Contract or "Contract" is predicated on a five (5) MW portion of a 165 MW CT coming on-line on January 1, 2002, like the combustion turbines planned for the Martin site. The economic and financial assumptions used in developing the Standard Offer Contract, including cost parameters of the CT, are included herewith as Exhibit "A."

6. With the exception of the term, the Contract complies with the Commission's rules regarding standard offer contracts. The Contract has a term of five (5) years. The Commission rules require a minimum term of ten years. Accordingly, FPL has filed this date under separate cover a *Petition for Variance from Rule 25-17.0832(4)*.

7. Attached hereto as Composite Exhibit "B" are tariff sheets in final format numbered 9.850 through 9.861, representing the Standard Offer Contract, and numbered 10.200 through 10.213.8, representing the revised COG-2 and other exhibits to the Standard Offer Contract. Attached hereto as Composite Exhibit "C" are the same tariff sheets in legislative format, reflecting the proposed changes.

**WHEREFORE**, for the above and foregoing reasons, Florida Power & Light Company respectfully requests that the Commission grant this Petition for Approval of its Standard Offer Contract and revised COG-2 tariff, and that FPL's tariff be modified to include the new and/or revised tariff sheets attached hereto as Exhibit B.

Respectfully submitted,

By: R. Wade Litchfield fjsb  
R. Wade Litchfield  
Florida Authorized House Counsel  
Attorney for  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408-0420  
(561) 691-7101

**Exhibit A**

FPL's history and forecast of summer and winter peak demand, energy use, fuel prices, generating capacity, reserve margins, and generating capacity additions can be found in FPL's 2000 Ten Year Site Plan, filed with the Florida Public Service Commission on April 4, 2000.

The Economic and Financial Assumptions associated with the Standard Offer Contract are included in the pages that follow.

**Florida Power & Light Company  
Standard Offer Contract  
Economic Assumptions**

AFUDC RATE

8.86%

CAPITALIZATION RATIOS

Debt	45.0%
Preferred	0%
Equity	55.0%

DISCOUNT RATE

7.78%

RATE OF RETURN

Debt	6.25%
Preferred	0%
Equity	11.0%

BOOK DEPRECIATION LIFE

30 Years

INCOME TAX RATE

State	5.5%
Federal	35.0%
Effective	38.575%

TAX DEPRECIATION LIFE

20 years

OTHER TAXES & INS.

1.75%

**Florida Power & Light Company  
Standard Offer Contract**

**Economic Escalation Assumptions**

<u>Year</u>	<u>General Inflation %</u>	<u>Plant Construction Cost %</u>	<u>Fixed O &amp; M Cost %</u>	<u>Variable O &amp; M Cost %</u>
Inflation	2.4%	2.2%	2.4%	2.4%



**Florida Power & Light Company  
Standard Offer Contract  
Unit Information**

Plant Name (Type): Combustion Turbine  
Net Capacity (MW): 5 MW Portion of a 165 MW Combustion Turbine  
Book Life (Yrs): 30

Installed Cost (In-Service Year 2002)

Total Installed Cost (\$/kW)*	372.11
Direct Construction Cost (\$/kW-00)	338.37
AFUDC Amount (\$/kW)	29.80
Escalation (\$/kW)	3.94
Fixed O & M (\$/kW-yr) (in-service year)	1.40
Variable O & M (cents/kwh)	.0864
Assumed Capacity Factor	Approx. 10%

K Factor 1.5933

\*Total Installed Cost = Direct Construction Cost  
+ AFUDC + Escalation

**Florida Power & Light Company  
 Standard Offer Contract  
 Financial Assumptions  
 for the Development of K Factor**

CAPITALIZATION RATIOS

Debt	45.0%
Preferred	0%
Equity	55.0%

RATE OF RETURN

Debt	6.25%
Preferred	0
Equity	11.0%
Tax Rate	38.575%
AFUDC	8.86%
Discount Rate	7.78%
Book Life	30 years
In-Service Year	2002

CONSTRUCTION SPENDING CURVE

<u>Year</u>	<u>% Construction Expenditures*</u>
-2	45%
-1	55%

\*To be applied to direct construction costs.

**Florida Power & Light Company**  
 Fixed Charge Calculations For Development of K Factor  
 Unit Type: Combustion Turbine  
 ( Thousands of Dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Year	Calendar Year	Electric Plant In-Service	Debt	Preferred	Equity	Taxes	Deferred Taxes	Total Debt Preferred Equity & Taxes	Straight Line Depreciation	Property Taxes & Insurance	Total Fixed Charges	Present Worth Fixed Charges	Cumulative Present Worth Fixed Charges
1	2002	\$59,352	\$1,717	\$0	\$3,693	\$2,269	\$120	\$7,799	\$2,047	\$1,074	\$10,920	\$10,920	\$10,920
2	2003	\$57,305	\$1,644	\$0	\$3,537	\$1,370	\$922	\$7,474	\$2,047	\$1,074	\$10,595	\$9,830	\$20,750
3	2004	\$55,259	\$1,563	\$0	\$3,362	\$1,384	\$797	\$7,106	\$2,047	\$1,074	\$10,227	\$8,804	\$29,554
4	2005	\$53,212	\$1,484	\$0	\$3,193	\$1,394	\$681	\$6,753	\$2,047	\$1,074	\$9,874	\$7,887	\$37,441
5	2006	\$51,165	\$1,409	\$0	\$3,031	\$1,400	\$574	\$6,414	\$2,047	\$1,074	\$9,536	\$7,067	\$44,508
6	2007	\$49,119	\$1,337	\$0	\$2,876	\$1,401	\$475	\$6,089	\$2,047	\$1,074	\$9,210	\$6,333	\$50,841
7	2008	\$47,072	\$1,267	\$0	\$2,726	\$1,399	\$383	\$5,775	\$2,047	\$1,074	\$8,896	\$5,676	\$56,518
8	2009	\$45,026	\$1,200	\$0	\$2,581	\$1,393	\$299	\$5,473	\$2,047	\$1,074	\$8,594	\$5,087	\$61,605
9	2010	\$42,979	\$1,134	\$0	\$2,440	\$1,318	\$285	\$5,177	\$2,047	\$1,074	\$8,298	\$4,558	\$66,163
10	2011	\$40,932	\$1,069	\$0	\$2,299	\$1,229	\$285	\$4,882	\$2,047	\$1,074	\$8,003	\$4,078	\$70,241
11	2012	\$38,886	\$1,003	\$0	\$2,158	\$1,140	\$285	\$4,586	\$2,047	\$1,074	\$7,708	\$3,644	\$73,886
12	2013	\$36,839	\$938	\$0	\$2,017	\$1,052	\$285	\$4,291	\$2,047	\$1,074	\$7,412	\$3,252	\$77,137
13	2014	\$34,793	\$872	\$0	\$1,876	\$963	\$285	\$3,996	\$2,047	\$1,074	\$7,117	\$2,897	\$80,035
14	2015	\$32,746	\$806	\$0	\$1,735	\$875	\$285	\$3,701	\$2,047	\$1,074	\$6,822	\$2,577	\$82,611
15	2016	\$30,699	\$741	\$0	\$1,594	\$786	\$285	\$3,406	\$2,047	\$1,074	\$6,527	\$2,287	\$84,898
16	2017	\$28,653	\$675	\$0	\$1,453	\$698	\$285	\$3,110	\$2,047	\$1,074	\$6,232	\$2,026	\$86,924
17	2018	\$26,606	\$610	\$0	\$1,312	\$609	\$285	\$2,815	\$2,047	\$1,074	\$5,936	\$1,791	\$88,715
18	2019	\$24,559	\$544	\$0	\$1,171	\$521	\$285	\$2,520	\$2,047	\$1,074	\$5,641	\$1,579	\$90,294
19	2020	\$22,513	\$479	\$0	\$1,029	\$432	\$285	\$2,225	\$2,047	\$1,074	\$5,346	\$1,388	\$91,683
20	2021	\$20,466	\$413	\$0	\$888	\$343	\$285	\$1,930	\$2,047	\$1,074	\$5,051	\$1,217	\$92,900
21	2022	\$18,420	\$355	\$0	\$763	\$780	(\$231)	\$1,667	\$2,047	\$1,074	\$4,788	\$1,071	\$93,970
22	2023	\$16,373	\$311	\$0	\$669	\$1,237	(\$746)	\$1,470	\$2,047	\$1,074	\$4,591	\$952	\$94,923
23	2024	\$14,326	\$274	\$0	\$590	\$1,187	(\$746)	\$1,305	\$2,047	\$1,074	\$4,426	\$852	\$95,775
24	2025	\$12,280	\$238	\$0	\$511	\$1,138	(\$746)	\$1,140	\$2,047	\$1,074	\$4,262	\$761	\$96,536
25	2026	\$10,233	\$201	\$0	\$433	\$1,088	(\$746)	\$976	\$2,047	\$1,074	\$4,097	\$679	\$97,214
26	2027	\$8,186	\$165	\$0	\$354	\$1,039	(\$746)	\$811	\$2,047	\$1,074	\$3,932	\$605	\$97,819
27	2028	\$6,140	\$128	\$0	\$275	\$990	(\$746)	\$647	\$2,047	\$1,074	\$3,768	\$537	\$98,356
28	2029	\$4,093	\$91	\$0	\$197	\$940	(\$746)	\$482	\$2,047	\$1,074	\$3,603	\$477	\$98,833
29	2030	\$2,047	\$55	\$0	\$118	\$891	(\$746)	\$317	\$2,047	\$1,074	\$3,438	\$422	\$99,256
30	2031	\$0	\$18	\$0	\$39	\$841	(\$746)	\$153	\$2,047	\$1,074	\$3,274	\$373	\$99,629
	In-Service Cost				\$61,399								
	Present Worth of Fixed Charges				\$99,629								
	Less Equity Penalty				\$1,804								
	Adjusted Present Worth of Fixed Charges				\$97,825								
	Value of K				<u>1.5933</u>								

Petition of  
 Florida Power & Light Company  
 For Approval of a Standard Offer Contract  
 Exhibit A  
 Page 6 of 6

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition of Florida Power & Light Company)  
For Approval of a Standard Offer Contract )

DOCKET NO.  
Filed:

**EXHIBIT B**

**Tariff Sheets (Final Format)  
Nos. 9.850 through 9.860 and 10.200 through 10.213.8**

**STANDARD OFFER CONTRACT FOR THE PURCHASE OF  
FIRM CAPACITY AND ENERGY FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY USING RENEWABLE OR  
NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS OR A SOLID WASTE FACILITY**

THIS CONTRACT is made and entered this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ (hereinafter "the QF"), and Florida Power & Light Company (hereinafter "FPL") a private utility corporation organized and existing under the laws of the State of Florida. The QF and FPL shall be identified herein as the "Parties". This Contract contains four Appendices; Appendix A, COG-2 Standard Rate for Purchase of Firm Capacity and Energy; Appendix B, Pay for Performance Provisions; Appendix C, Termination Fee; and Appendix D, Detailed Project Information.

**WITNESSETH:**

**WHEREAS**, the QF desires to sell, and FPL desires to purchase electricity to be generated by the QF consistent with Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17091 F.A.C.; and

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

**WHEREAS**, the FPSC has approved this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or other Qualifying Facility using renewable or non-fossil fuel, a Qualifying Facility with a design capacity of 100 KW or less, or a Solid Waste Facility; and

**WHEREAS**, the QF guarantees that the Facility is capable of delivering firm capacity and energy to FPL for the term of this Contract in a manner consistent with the provisions of this Contract;

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

**1. Facility; Qualifying Status**

The QF contemplates installing and operating a \_\_\_\_\_ KVA \_\_\_\_\_ generator located at \_\_\_\_\_ (hereinafter called the "Facility"). The generator is designed to produce a maximum of \_\_\_\_\_ kilowatts (kW) of electric power at an 85% lagging to 85% leading power factor. The facility's location and generation capabilities are as described in the table below.

<b>TECHNOLOGY AND GENERATOR CAPABILITIES</b>	
<b>Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)</b>	<b>City: County:</b>
<b>Generator Type (Induction or Synchronous)</b>	
<b>Type of Facility (Cogeneration, Small Power Production, MSW)</b>	
<b>Technology</b>	
<b>Fuel Type and Source</b>	
<b>Generator Rating (KVA)</b>	
<b>Maximum Capability (kW)</b>	
<b>Net Output (kW)</b>	
<b>Power Factor (%)</b>	
<b>Operating Voltage (kV)</b>	
<b>Peak Internal Load kW</b>	

(Continued on Sheet No. 9.850.1)

(Continued from Sheet No. 9.850)

The QF's failure to complete the foregoing table in its entirety shall render this Contract null and void and of no further effect.

The Facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080 (1). The QF shall maintain the "qualifying" status of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QF that FPL deems necessary to verify the Facility's Qualifying Status. On or before March 31 of each year during the term of this Contract, the QF shall provide to FPL a certificate signed by an officer of the QF certifying that the QF continuously maintained qualifying status during the prior calendar year.

## 2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m., January 1, 2007, unless terminated earlier in accordance with the provisions hereof.

Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the QF before January 1, 2002, (or such later date as may be permitted by FPL pursuant to Section 5) FPL's obligations under this Contract shall be rendered of no force and effect.

## 3. Minimum Specifications

As required by FPSC Rule 25-17.0832 (4) (e), below are the minimum specifications pertaining to this Contract:

1. The avoided unit ("Avoided Unit") on which this Contract is based is a 5 MW portion of a 165 MW combustion turbine.
2. The total Committed Capacity needed to fully subscribe the Avoided Unit is 5 MW (the "Subscription Limit").
3. This offer shall expire on the earlier of (i) the date the subscription limit is fully subscribed or (ii) upon the expiration of the two (2) week "Open Solicitation Period." The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the final effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).
4. The date by which firm capacity and energy deliveries from the QF to FPL shall commence is January 1, 2002 (or such later date as may be permitted by FPL pursuant to Section 5) unless the Facility chooses capacity payments under Options B, C, or D, pursuant to the terms of this contract.
5. The period of time over which firm capacity and energy shall be delivered from the QF to FPL is the five (5) year period beginning on January 1, 2002.
6. The following are the minimum performance standards for the delivery of firm capacity and energy by the QF to qualify for full capacity payments under this Contract:

(Continued on Sheet No. 9.851)

(Continued from Sheet No. 9.850.1)

Availability	On Peak * 98%	Off Peak 98%
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\* QF Performance and On Peak hours shall be as measured and/or described in FPL's Rate Schedule COG-2 attached hereto as Appendix A

**4. Sale of Electricity by the QF**

**4.1 Purchase by FPL**

Consistent with the terms hereof, the QF shall sell to FPL and FPL shall purchase from the QF all of the electric power generated by the Facility. FPL shall have the sole right to purchase all energy and capacity from the Facility. The purchase and sale of electricity pursuant to this Contract shall be a ( ) net billing arrangement or ( ) simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause the QF to sell more than the Facility's net output. The billing methodology may be changed at the option of the QF, subject to the provisions of FPL Rate Schedule COG-2.

**4.2** The QF shall not rely on interruptible standby service for the start up requirements ( initial or otherwise) of the Facility.

**5. Committed Capacity/Capacity Delivery Date**

- 5.1 The QF commits to sell capacity to FPL, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity is set at \_\_\_\_\_ kW, with an expected Capacity Delivery Date of January 1, 2002.
- 5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than 30 days following FPL's acceptance of the original Standard Offer Contract and testing must be completed by 11:59 p.m., December 31, 2001. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1 the QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.
- 5.3 In addition to the first Committed Capacity Test, FPL shall have the right to require the QF, by notice thereto, to validate the Committed Capacity by means of a Committed Capacity Test at any time, up to six (6) times per year, the results of which shall be provided to FPL within seven (7) days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 5.1.
- 5.4 Notwithstanding anything to the contrary herein, the Committed Capacity may not exceed the amount set forth in Section 5.1 without the consent of FPL, to be granted in FPL's sole discretion.
- 5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test.
- 5.6 In no event shall FPL make capacity payments to the QF prior the the Capacity Delivery Date.
- 5.7 The QF shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or after January 1, 2001 and on or before January 1, 2002 (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before January 1, 2002, FPL shall immediately be entitled to draw down the Completion/Performance security in full, and in addition, FPL may, but shall not be obligated to, allow the QF up to an additional five (5) months to achieve the Capacity Delivery Date. If the QF fails to achieve the Capacity Delivery Date either (i) by January 1, 2002 or (ii) by such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and this Contract shall be rendered null and void and of no further effect.

(Continued on Sheet No. 9.852)

(Continued from Sheet No. 9.851)

**6. Testing Procedures**

- 6.1 The Committed Capacity Test must be completed successfully within a sixty-hour period (the "Demonstration Period"), which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the QF by means of a written notice to FPL delivered at least thirty (30) days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test ordered by FPL under any of the provisions of this Contract. FPL shall have the right to be present onsite to monitor any Committed Capacity Test required or permitted under this Contract.
- 6.2 Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net KW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. The Committed Capacity Test Period shall commence at the time designated by the QF pursuant to Section 6.1 or at such time requested by FPL pursuant to Section 5.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that FPL is notified of, and consents to, such earlier time.
- 6.3 Normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period. Normal deliveries of the contracted quantity and quality of cogenerated steam to the steam host, if any, shall be required during the Committed Capacity Test Period.
- 6.4 The Capacity of the Facility (the "Capacity") shall be the average net capacity (generator output minus auxiliary) measured over the Committed Capacity Test Period.
- 6.5 The Committed Capacity Test shall be performed according to standard industry testing procedures for the appropriate technology of the QF.
- 6.6 Except as otherwise provided herein, results of any Committed Capacity Test shall be submitted to FPL by the QF within seven (7) days of the conclusion of the Committed Capacity Test.

**7. Payment for Electricity Produced by the Facility****7.1 Energy**

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

**7.2 Capacity**

FPL agrees to pay the QF for the capacity described in Section 5 in accordance with the rates and procedures contained in Rate Schedule COG-2, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option \_\_\_\_\_ of Rate Schedule COG-2. The QF understands and agrees that Capacity payments will only be made under Option B, Option C, or Option D if the QF has achieved the Capacity Delivery Date and is delivering firm capacity and energy to FPL. Once so selected, this option cannot be changed for the life of this Contract.

**7.3 Payments**

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

(Continued on Sheet No. 9.853)



(Continued from Sheet No. 9.852)

**8. Electricity Production and Plant Maintenance Schedule**

- 8.1** No later than sixty (60) days prior to the Capacity Delivery Date, and prior to April 1 of each calendar year thereafter during the term of this Contract, the QF shall submit to FPL in writing a detailed plan of the amount of electricity to be generated by the Facility and delivered to FPL for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in capacity.
- 8.2** By October 31 of each calendar year, FPL shall notify the QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL cannot accept any of the requested scheduled maintenance periods, FPL shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QF shall only schedule outages during periods approved by FPL, and such approval shall not be unreasonably withheld. Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such event is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to 7 days per calendar year. In no event shall maintenance periods be scheduled during the following periods: June 1 through and including September 15 and December 1 through and including February 28 (or 29<sup>th</sup> as the case may be).
- 8.3** The QF shall comply with reasonable requests by FPL regarding day-to-day and hour-by-hour communication between the Parties relative to electricity production and maintenance scheduling.
- 8.4 Dispatch and Control**
- 8.4.1** Power supplied by the QF hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal perating voltage of \_\_\_\_\_,000 volts ( \_\_\_\_\_ kV) and power factor dispatchable and controllable in the range of 85% lagging to 85% leading as measured at the interconnection point to maintain system operating parameters, as specified by FPL.
- 8.4.2** The QF shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPL's system, except for normal testing and repair in accordance with good engineering and operating practices as agreed by the Parties. The QF shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal testing and repair. The QF shall have qualified personnel test and calibrate all protective equipment at regular intervals in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and results provided to FPL prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices as agreed by the Parties.
- 8.4.3** If the Facility is separated from the FPL system for any reason, under no circumstances shall the QF reconnect the Facility into FPL's system without first obtaining FPL's specific approval.
- 8.4.4** During the term of this Contract, the QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPL. The QF shall ensure that operating personnel are on duty at all times, twenty-four hours a calendar day and seven calendar days a week. Additionally, during the term of this Contract, the QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder and in accordance with applicable law and prudent utility practices.
- 8.4.5** FPL shall not be obligated to purchase, and may require curtailed or reduced deliveries of, energy to the extent necessary to maintain the reliability and integrity of any part of FPL's system, or in the event that FPL determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to FPL's customers. FPL shall give the QF prior notice, if practicable, of its intent to refuse, curtail or reduce FPL's acceptance of energy pursuant to this Section and will act to minimize the frequency and duration of such occurrences.

(Continued on Sheet No. 9.853.1)

(Continued from Sheet No. 9.853)

- 8.4.6 After providing notice to the QF, FPL shall not be required to accept or purchase energy from the QF during any period in which, due to operational circumstances, acceptance or purchase of such energy would result in FPL's incurring costs greater than those which it would incur if it did not make such purchases. An example of such an occurrence would be a period during which the load being served is such that the generating units on line are base load units operating at their minimum continuous ratings and the purchase of additional energy would require taking a base load unit off the line and replacing the remaining load served by that unit with peaking-type generation. FPL shall give the QF as much prior notice as practicable of its intent not to accept energy pursuant to this Section.
- 8.4.7 FPL may, at any time during the term hereof, by oral, written, or electronic notification to the QF, request the QF to deliver capacity and associated energy up to the full Committed Capacity to meet FPL's system requirements. The QF shall comply with such request within ten (10) minutes of receiving such notification from FPL. Any clock hour for which FPL requests the delivery of such capacity and energy ("Scheduled Energy") shall be referred to herein as a "Dispatch Hour."

(Continued on Sheet No. 9.854)

(Continued from Sheet No. 9.853.1)

**9. Completion/Performance Security**

- 9.1 As security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, the QF shall provide FPL either: (a) an unconditional, irrevocable, direct-pay letter(s) of credit in effect through the first (1<sup>st</sup>) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a financial institution(s) having an investment grade credit rating, in form and substance acceptable to FPL (including provisions (i) permitting partial and full draws and (ii) permitting FPL to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least ten (10) business days prior to its expiration date); or (b) a cash deposit(s) with FPL. Such letter(s) of credit or cash deposit (s) shall be provided in the amount and by the date listed below:
- 9.1.1 \$30.00 per kW (for the number of kW set forth in Section 5.1) within thirty (30) calendar days of the execution of this Contract by the Parties hereto.
- 9.2 The specific security instrument provided for purposes of this Contract is:  
( ) unconditional, irrevocable, direct pay letter(s) of credit.  
( ) Bond.  
( ) cash deposit(s) with FPL.
- 9.3 FPL shall have the right to monitor the financial condition of the issuer(s) in the event any letter of credit is provided by the QF. In the event the senior debt rating of any issuer(s) has deteriorated to a level below investment grade, FPL may require the QF to replace the letter(s) of credit. The replacement letter(s) of credit must be issued by a financial institution(s) with an investment grade credit rating, and meet the requirements of Section 9.1, within thirty (30) calendar days following written notification to the QF of the requirement to replace. Failure by the QF to comply with the requirements of this Section 9.3 shall be grounds for FPL to draw in full on the existing letter of credit and to exercise any other remedies it may have hereunder.
- 9.4 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QF qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured promise to pay, by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder.
- 9.5 If an Event of Default under Section 12 occurs, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-applicable Completion/Performance Security.
- 9.6 If an Event of Default has not occurred and the QF fails to achieve the Capacity Delivery Date on or before January 1, 2002 (irrespective of any extension that may be granted by FPL under Section 5.7), FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/Performance Security. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date occurs on or before January 1, 2002, then the QF shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to \$15.00 per kW (for the number of kW set forth in Section 5.1).
- 9.7 In the event that FPL requires the QF to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QF fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-remaining amount of the Completion/Performance Security. In the event that FPL does not require the QF to perform a Committed Capacity Test or if the QF successfully demonstrates (in connection with all such Committed Capacity Tests required by FPL pursuant to Section 5.3) a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, in either case, on or before the first anniversary of the Capacity Delivery Date, then the QF shall be entitled to a refund of or FPL shall return, as applicable, any remaining amount of the Completion/Performance Security within thirty (30) days of the first anniversary of the Capacity Delivery Date.

(Continued on Sheet No. 9.854.1)

(Continued from Sheet No. 9.854)

**10. Termination Fee**

10.1 In the event that the QF receives capacity payments pursuant to Option B, Option C, or Option D, then upon the termination of this Contract, the QF shall owe and be liable to FPL for a termination fee calculated in accordance with Appendix C (the "Termination Fee"). The QF's obligation to pay the Termination Fee shall survive the termination of this Contract. FPL shall provide the QF, on a monthly basis, a calculation of the Termination Fee.

10.1.1 The Termination Fee shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091) by the QF by: (i) an unconditional, irrevocable, direct pay letter(s) of credit issued by a financial institution(s) with an investment grade credit rating in form and substance acceptable to FPL (including provisions (a) permitting partial and full draws and (b) permitting FPL to draw upon such letter of credit, in full, if such letter of credit is not renewed or replaced at least ten (10) business days prior to its expiration date; (ii) a bond issued by a financially sound company in form and substance acceptable to FPL; or (iii) a cash deposit with FPL (any of (i), (ii), or (iii), the "Termination Security"). The specific security instrument selected by the QF for purposes of this Contract is:

- ( ) Unconditional, irrevocable, direct pay letter(s) of credit
- ( ) Bond.
- ( ) Cash deposit(s) with FPL.

10.1.2 FPL shall have the right to monitor the financial condition of (i) the issuer(s) in the case of any letter of credit and (ii) the insurer(s), in the case of any bond. In the event the senior debt rating of any issuer(s) or insurer(s) has deteriorated to a level below investment grade, FPL may require the QF to replace the letter(s) of credit or the bond, as applicable. In the event that FPL notifies the QF that it requires such a replacement, the replacement letter(s) of credit or bond, as applicable, must be issued by a financial institution(s) or insurer(s) with an investment grade credit rating, and meet the requirements of Section 10.1.1 within thirty (30) calendar days following such notification. Failure by the QF to comply with the requirements of this Section 10.1.2 shall be grounds for FPL to draw in full on any existing letter of credit or bond and to exercise any other remedies it may have hereunder.

10.1.3 After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, upon FPL's issuance of the Termination Fee calculation as described in Section 10.1, the QF must provide within 10 days, FPL with written assurance and documentation (the "Security Documentation"), in form and substance acceptable to FPL, that the amount of the Termination Security is sufficient to cover the balance of the Termination Fee. In addition to the foregoing, at any time during the term of this Contract, FPL shall have the right to request, and the QF shall be obligated to deliver within five (5) days of such request, such Security Documentation. Failure by the QF to comply with the requirements of this Section 10.1.3 shall be grounds for FPL to draw in full on any existing letter of credit or bond or to retain any cash deposit, and to exercise any other remedies it may have hereunder.

10.1.4 Upon any termination of this Contract following the Capacity Delivery Date, FPL shall be entitled to receive (and in the case of the letter(s) of credit or bond, draw upon such letter(s) of credit or bond) and retain one-hundred percent (100%) of the Termination Security.

**11. Performance Factor**

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

(Continued on Sheet No. 9.855)

(Continued from Sheet No. 9.854.1)

**12. Default**

Notwithstanding the occurrence of any Force Majeure as described in Section 16, each of the following shall constitute an Event of Default:

- (a) The QF fails to maintain the "qualifying" status of the Facility obtained pursuant to one of the alternatives specified in Section 1 of this Contract;
- (b) The QF changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;
- (c) After the Capacity Delivery Date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 90%;
- (d) The QF fails to comply with any of the provisions of Section 9.0 hereof;
- (e) The QF fails to comply with any of the provisions of Section 10.0 hereof;
- (f) The QF ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;
- (g) The QF fails to give proper assurance of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance;
- (h) The QF materially fails to perform as specified under this Contract, including, but not limited to, the QF's obligations under Sections 8, 9, 10, and 14-19.
- (i) The QF fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than July 1, 2001;
- (j) The QF fails to comply with any of the provisions of Section 19.3 hereof;
- (k) Any of the representations or warranties made by the QF in this Contract is false or misleading in any material respect as of the time made;
- (l) The occurrence of an event of default by the QF under the Interconnection Agreement;
- (m) The QF fails to satisfy its obligations under Section 8.4.7 more than two (2) times in any calendar year;
- (n) The QF breaches any material provision of this Contract not specifically mentioned in this Section 12; or
- (o) If at any time after the Capacity Delivery Date, the QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

(Continued on Sheet No. 9.856)

(Continued from Sheet No. 9.855)

**13. FPL's Rights in the Event of Default**

- 13.1 Upon the occurrence of any of the Events of Default in Section 12, FPL may, at its option:
- 13.1.1 terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the QF, and offset against any payment(s) due from FPL to the QF, any monies otherwise due from the QF to FPL;
  - 13.1.2 enforce the provisions of the Termination Security requirement pursuant to Section 10 hereof; or
  - 13.1.3 exercise any other remedy(ies) which may be available to FPL at law or in equity.
- 13.2 Termination shall not affect the liability of either Party for obligations arising prior to such termination or for damages, if any, resulting from any breach of this Contract.

**14. Indemnification**

- 14.1 FPL and the QF shall each be responsible for its own facilities. FPL and the QF shall each be responsible for ensuring adequate safeguards for other FPL customers, FPL's and the QF's personnel and equipment, and for the protection of its own generating system. Each Party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other Party (the "Indemnified Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "FPL Entities" and "QF Entities") from and against any and all claims, demands, costs, or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) caused by, arising out of, or resulting from:
- (a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder;
  - (b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system;
  - (c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system;
  - (d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or
  - (e) any other event or act that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees.
- 14.2 Payment by an Indemnified Party will not be a condition precedent to the obligations of the Indemnifying Party under Section 14. No Indemnified Party under Section 14 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 14 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 14 shall survive termination of this Agreement.

**15. Insurance**

- 15.1 The QF shall procure or cause to be procured, and shall maintain throughout the entire term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable to FPL on a standard "Insurance Services Office" commercial general liability form (such policy or policies, collectively, the "QF Insurance"). A certificate of insurance shall be delivered to FPL at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the QF Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract and the Interconnection Agreement, or (ii) caused by operation of the Facility or any of the QF's equipment or by the QF's failure to maintain the Facility or the QF's equipment in satisfactory and safe operating condition. Effective at least fifteen (15) calendar days prior to the synchronization of the Facility with FPL's system, the QF Insurance shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards. Without limiting the foregoing, the QF Insurance must be reasonably acceptable to FPL. Any premium assessment or deductible shall be for the account of the QF and not FPL.

(Continued on Sheet No. 9.856.1)

(Continued from Sheet No. 9.856)

- 15.2 The QF Insurance shall have a minimum limit of one million Dollars (\$1,000,000) per occurrence, combined single limit, for bodily injury (including death) or property damage.
- 15.3 In the event that such insurance becomes totally unavailable or procurement thereof becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but FPL and the QF shall enter into negotiations to develop substitute protection which the parties in their reasonable judgment, deem adequate.
- 15.4 To the extent that the QF Insurance is on a "claims made" basis, the retroactive date of the policy(ies) shall be the effective date of this Contract or such other date as may be agreed upon to protect the interests of the FPL Entities and the QF Entities. Furthermore, to the extent the QF Insurance is on a "claims made" basis, the QF's duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the QF Insurance is on an "occurrence" basis, such insurance shall be maintained in effect at all times by the QF during the term of this Contract.
- 15.5 The QF Insurance shall provide that it may not be cancelled or materially altered without at least thirty (30) calendar days' written notice to FPL. The QF shall provide FPL with a copy of any material communication or notice related to the QF Insurance within ten (10) business days of the QF's receipt or issuance thereof.
- 15.6 The QF shall be designated as the named insured and FPL shall be designated as an additional named insured under the QF Insurance. The QF Insurance shall be endorsed to be primary to any coverage maintained by FPL.

(Continued on Sheet No. 9.857)

(Continued from Sheet No. 9.856.1)

**16. Force Majeure**

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

- 16.1 Except as otherwise provided in this Contract, each Party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.
- 16.2 In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party claiming Force Majeure shall notify the other Party in writing within five (5) business days of the occurrence of the event of Force Majeure, of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A Party claiming Force Majeure shall not be entitled to any relief therefor unless and until conforming notice is provided. The Party claiming Force Majeure shall notify the other Party of the cessation of the event of Force Majeure or of the conclusion of the affected Party's cure for the event of Force Majeure, in either case within two (2) business days thereof.
- 16.3 The Party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected Party, and such Party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such Party deems to be unfavorable.
- 16.4 If the QF suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QF may, upon notice to FPL, temporarily adjust the Committed Capacity as provided in Sections 16.5 and 16.6. Such adjustment shall be effective the first calendar day immediately following FPL's receipt of the notice or such later date as may be specified by the QF. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.
- 16.5 If the Facility is rendered completely inoperative as a result of Force Majeure, the QF shall temporarily set the Committed Capacity equal to 0 kW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 kW, FPL shall have no obligation to make capacity payments hereunder.
- 16.6 If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the QF shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.
- 16.7 Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provision of this Contract, upon such cessation or cure, FPL shall have the right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPL under this Section shall be additional to any Committed Capacity Test under Section 5.3.
- 16.8 During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 16.4, all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay-for-performance provisions in Appendix B.

(Continued on Sheet No. 9.857.1)



(Continued from Sheet No. 9.857)

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

**17. Representations, Warranties, and Covenants of QF**

The QF represents and warrants that as of the Effective Date:

**17.1 Organization, Standing and Qualification**

The QF is a \_\_\_\_\_ (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of \_\_\_\_\_ and has all necessary power and authority to carry on its business as presently conducted, to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The QF is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on FPL.

**17.2 Due Authorization, No Approvals, No Defaults, etc.**

Each of the execution, delivery and performance by the QF of this Contract has been duly authorized by all necessary action on the part of the QF, does not require any approval, except as has been heretofore obtained, of the \_\_\_\_\_ (shareholders, partners, or others, as applicable) of the QF or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the QF, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the \_\_\_\_\_ (articles of incorporation, bylaws, or other as applicable) of the QF, or any agreement, judgment, injunction, order, decree or other instrument binding upon the QF, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract.

**17.3 Compliance with Laws**

The QF has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The QF is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the QF or FPL.

**17.4 Governmental Approvals**

Except as expressly contemplated herein, neither the execution and delivery by the QF of this Contract, nor the consummation by the QF of any of the transactions contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of governmental authority, except in respect of permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the QF has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefor).

**17.5 No Suits, Proceedings**

There are no actions, suits, proceedings or investigations pending or, to the knowledge of the QF, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the QF's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The QF has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment.

(Continued on Sheet No. 9.857.2)

(Continued From Sheet No. 9.857.1)

**17.6 Environmental Matters**

To the best of its knowledge after diligent inquiry, the QF knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.

**18. Regulatory Disallowance**

This Section has been left intentionally blank

**19. General Provisions**

**19.1 Project Viability**

To assist FPL in assessing the QF's financial and technical viability, the QF shall provide the information and documents requested in Appendix D or substantially similar documents, to the extent the documents apply to the type of Facility covered by this Contract, and to the extent the documents are available. All documents to be considered by FPL must be submitted at the time this Contract is presented to FPL. Failure to provide the following such documents may result in a determination of non-viability by FPL.

**19.2 Permits**

The QF hereby agrees to obtain and maintain any and all permits, certifications, licenses, consents or approvals of any governmental authority which the QF is required to obtain as a prerequisite to engaging in the activities specified in this Contract.

(Continued on Sheet No. 9.858)

(Continued from Sheet No. 9.857.2)

**19.3 Project Management**

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

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

**19.4 Assignment**

The QF may not assign this Contract, without FPL's prior written approval, which approval may be withheld in FPL's sole discretion.

**19.5 Disclaimer**

In executing this Contract, FPL does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the QF or any assignee of this Contract.

**19.6 Notification**

All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, or sent by fax if followed immediately with a copy sent by registered or certified mail, to the individuals designated below. The Parties designate the following individuals to be notified or to whom payment shall be sent until such time as either Party furnishes the other Party written instructions to contact another individual:

For the QF:

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

For FPL:

Florida Power & Light Company  
Manager,  
Wholesale Services  
P. O. Box 029100  
Miami, FL 33102

This signed Contract and all related documents may be presented no earlier than 8:00 a.m. on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

Florida Power & Light Company  
9250 West Flagler Street  
Miami, FL 33174

Attention: Manager, Wholesale Services  
Resource Assessment and Planning Department

(Continued on Sheet No. 9.859)

Issued by: P. J. Evanson, President  
Effective:

(Continued from Sheet No. 9.858)

**19.7 Applicable Law**

This Contract shall be construed in accordance with and governed by, and the rights of the parties shall be construed in accordance with, the laws of the State of Florida, without regard to conflict of law rules thereof.

**19.8 Taxation**

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Services determination, through audit, ruling or other authority, that FPL's payments to the QF for capacity under Options B, C, or D are not fully deductible when paid (additional tax liability), FPL may bill the QF monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due the QF hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire-capacity payments had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.

**19.9 Severability**

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

**19.10 Complete Agreement and Amendments**

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

**19.11 Survival of Contract**

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

**19.12 Record Retention**

The QF agrees to retain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder, and to cause all QF Entities to retain for the same period all such records.

**19.13 No Waiver**

No waiver of any of the terms and conditions of this Contract shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The failure of a Party to insist, in any instance, on the strict performance of any of the terms and conditions hereof shall not be construed as a waiver of such Party's right in the future to insist on such strict performance.

(Continued on Sheet No. 9.859.1)

(Continued from Sheet No. 9.859)

19.14 Set-Off

FPL may at any time, but shall be under no obligation to, set off any and all sums due from the QF against sums due to the QF hereunder.

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

WITNESS:

FLORIDA POWER & LIGHT COMPANY

\_\_\_\_\_

\_\_\_\_\_

WITNESS:

Date \_\_\_\_\_

\_\_\_\_\_

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

Date \_\_\_\_\_

**FLORIDA POWER & LIGHT COMPANY**

**Original Sheet No. 9.860**

**Information contained on this sheet has been moved to Original Sheet 10.213.1**

**Issued by:**  
**Effective:**

**Information contained on this sheet has been moved to Original Sheet 10.213.2**

**Issued by:**  
**Effective:**

**RATE SCHEDULE COG-2  
APPENDIX A  
TO THE STANDARD OFFER CONTRACT  
STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY  
USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY  
WITH A DESIGN CAPACITY OF 100 KW OR LESS OR SOLID WASTE FACILITIES**

**SCHEDULE**

COG-2, Firm Capacity and Energy

**AVAILABLE**

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or Other Qualifying Facility using renewable or non-fossil fuel, a Qualifying Facility with a design capacity of 100 kw or less, or a Solid Waste Facility" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Qualifying Facility specified in FPSC Rule 25-17.0832 (4), and which is either directly or indirectly interconnected with the Company. The Company's obligation to contract to purchase firm capacity from such QFs by means of this schedule and the Standard Offer Contract will continue only as long as, and to the extent that, the 5 MW subscription limit is not exceeded and, in any event, no later than the expiration of the two (2) week Open Solicitation Period. The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the final effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).

**APPLICABLE**

To Qualifying Facilities as specified in FPSC Rule 25-17.0832 (4) producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract". Firm Capacity and Energy are described by FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a QF pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

**CHARACTER OF SERVICE**

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

**LIMITATION**

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

- A. Are specified in FPSC Rule 25-17.0832 (4)
- B. Execute a Standard Offer Contract prior to the expiration of the 2-week Open Solicitation Period.
- C. Commit to commence deliveries of firm capacity and energy no later than January 1, 2002, and to continue such deliveries through December 31, 2006;
- D. Provide capacity which would not result in the capacity subscription limit for the Company on capacity (5 MW) to be exceeded; and
- E. Are not currently under contract with the Company or with any other entity for the Facility's output.

**RATES FOR PURCHASES BY THE COMPANY**

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company. The Company's next Avoided Unit has been identified as a 5 MW portion of a 165 MW combustion turbine with an in-service date of January 1, 2002. Appendix I to this Schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's Standard Offer Contract filed and approved pursuant to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

( Continued on Sheet No. 10.201 )



(Continued from Sheet No. 10.200)

**A. Firm Capacity Rates**

Four options, A through D, as set forth below, are available for payment of firm capacity which is produced by a QF and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the QF has contractually committed to deliver to the Company and are based on a contract term which extends five (5) years beyond the anticipated in-service date of the Company's Avoided Unit (i.e., through December 31, 2006). Payment schedules for other contract terms will be made available to any QF upon request and may be calculated based on the methodologies described in Appendix I. The currently approved parameters used to calculate the following schedule of payments are found in Appendix II to this Schedule.

**Adjustment to Capacity Payment**

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

Appendix III shows, for illustration purposes, the factors that would be used to adjust the firm capacity rate for different geographical areas. The actual adjustment would be determined on a case-by-case basis. The amount of such adjustment, as well as a binding contract rate for firm capacity, shall be provided to the QF within sixty days of FPL execution of the signed Standard Offer Contract.

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

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an in-service date of January 1, 2002, calculated in accordance with FPSC Rule 25-17.0832 F.A.C., as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

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

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. These payments can start as early as one year prior to the anticipated in-service date of the Company's Avoided Unit; provided, however, that under no circumstances may payments begin before the QF is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the QF and calculated as shown on Appendix I.

The QF shall select the month and year in which the deliveries of firm capacity and energy to the Company are to commence and capacity payments are to start. The Company will provide the QF with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract. The following exemplary payment schedule is based on a contract term which extends five (5) years beyond the anticipated in-service date of the Company's Avoided Unit.

(Continued on Sheet No. 10.202)

(Continued from Sheet No. 10.201)

EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/KW/MONTH  
 COMPANY'S 2002 COMBUSTION TURBINE AVOIDED UNIT (5 MW)  
 STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS  
 (\$/KW/MONTH)

Contract Year	<u>Option A</u>	<u>Option B</u>
	Normal Payment Starting 01/01/2002	<u>Fixed Value of Deferral Payments - Early Capacity</u> 01/01/2001
2001	\$0.00	2.64
2002	3.32	2.69
2003	3.40	2.75
2004	3.47	2.81
2005	3.55	2.88
2006	3.63	2.94

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

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

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

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

(Continued on Sheet No. 10.203)

(Continued from Sheet No. 10.202)

EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/KW/MONTH  
 2002 COMBUSTION TURBINE AVOIDED UNIT (5 MW) LEVELIZED CAPITAL  
 AVOIDED CAPACITY PAYMENTS  
 (\$/KW/MONTH)

Contract Year	<u>Option C</u>	<u>Option D (Early O&amp;M)</u>
	Levelized Payment Starting 01/01/ 2002	Fixed Value of Deferral Payments - Early Levelized Capacity 01/01/2001
2001	0.00	2.77
2002	3.46	2.77
2003	3.46	2.77
2004	3.46	2.77
2005	3.47	2.78
2006	3.47	2.78

**B. Energy Rates**

**(1) Payments Prior to January 1, 2002**

The energy rate, in cents per kilowatt-hour (¢/kWh), shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. The calculation of the Company's avoided energy costs reflects the delivery of energy from the region of the Company in which the QF is located. Energy payments to the QFs located outside the Company's service area shall reflect the region in which the interchange point for the delivery of energy is located. When economy transactions take place, the incremental costs are calculated as described in FPL's Rate Schedule COG-1.

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

(Continued on Sheet No. 10.204)

(Continued from Sheet No. 10.203)

(2) Payments Starting on January 1, 2002

The calculation of payments to the QF for energy delivered to FPL on and after January 1, 2002 shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate (¢/kWh); and (b) the amount of energy (kWhs) delivered to FPL from the Facility during that hour.

For any Dispatch Hour the firm energy rate shall be, on an hour-by-hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QF to FPL, the firm energy rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the average monthly fuel price in \$/mmBTU as determined from gas prices reported in Gas Daily under the heading "Citygate, Pooling Point Prices, Florida gates via FGT"; and (b) an average annual heat rate of 10,430 BTU per kilowatt hour; plus (c) an additional .086¢ per kilowatt hour in mid 2000 dollars for variable operation and maintenance expenses which will be escalated based on the actual Consumer Price Index. All purchases shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the QF is located. Energy payments to QFs located outside the Company's service territory reflect the region in which the interchange point for the delivery of energy is located.

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. In addition, avoided energy cost payments will include .0004¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
April 1, 2000 - September 30, 2000	3.54	3.11	3.22
October 1, 2000 - March 31, 2001	2.72	2.52	2.57
April 1, 2001 - September 30, 2001	2.99	2.73	2.80
October 1, 2001 - March 31, 2002	3.02	2.88	2.92

A MW block size ranging from 2 MW to 9 MW has been used to calculate the estimated As-Available energy cost.

ESTIMATED UNIT FUEL COST

The estimated unit fuel costs listed below are associated with the Company's Avoided Unit and are based on current estimates of the price of natural gas.

<u>\$/MMBTU</u>							
<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	
3.13	3.04	2.99	2.99	3.06	3.13	3.22	

DELIVERY VOLTAGE ADJUSTMENT

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

<u>Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0209
Secondary Voltage Delivery	1.0459

(Continued on Sheet No. 10.205)

(Continued from Sheet No. 10.204)

**PERFORMANCE CRITERIA**

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

**A. Capacity Delivery Date**

The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., January 1, 2002.)

**B. Availability and Capacity Factor**

The Facility's availability and capacity factor are used in the determination of firm capacity payments through a performance based calculation as detailed in Appendix B to the Company's Standard Offer Contract.

**METERING REQUIREMENTS**

The QFs within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy deliveries to the Company. Energy purchases from the QFs outside the territory of the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering Firm Capacity and Energy to the Company.

For the purpose of this Schedule, the on-peak hours shall be those hours occurring April 1 through October 31, from noon to 9:00 p.m., and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time. FPL shall have the right to change such On-Peak Hours by providing the QF a minimum of thirty calendar days' advance written notice.

**BILLING OPTIONS**

A QF, upon entering into a Standard Offer Contract for the sale of firm capacity and energy or prior to delivery of as-available energy, may elect to make either simultaneous purchases from and sales to the Company, or net sales to the Company; provided, however, that no such arrangement shall cause the QF to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QF selling as-available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is lawfully terminated by either the QF or the Company; 3) when the QF is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or a contract between the QF and the Company.

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

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

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

**CHARGES TO QUALIFYING FACILITY**

The QF shall be responsible for all applicable charges as currently approved or as they may be approved by the Florida Public Service Commission, including, but not limited to:

**A. Customer Charges:**

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

( Continued on Sheet No. 10.206 )

(Continued from Sheet No. 10.205)

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

The QF shall bear the cost required for interconnection, including the metering. The QF shall have the option of (i) payment in full for the interconnection costs including the time value of money during the construction of the interconnection facilities and providing a surety bond, letter of credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than twelve (12) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for thirty (30) day highest grade commercial paper, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the QF.

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

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

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

<u>Equipment Type</u>	<u>Charge</u>
Metering Equipment	0.225%
Distribution Equipment	0.325%
Transmission Equipment	0.122%

**D. Taxes and Assessments**

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's payments to the QF for capacity under options B, C, or D are not fully deductible when paid (additional tax liability), FPL may bill the QF monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due the QF hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire early, leveled or early leveled capacity payments had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.

**TERMS OF SERVICE**

- (1) It shall be the QF's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to a QF located in the Company's service area shall be subject to the following terms and conditions:
  - (a) A QF shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.
  - (b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:
    - (i) In the first year of operation, the security deposit should be based upon the singular month in which the QF's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QF. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
    - (ii) For each year thereafter, a review of the actual sales and purchases between the QF and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QF exceed the actual sales to the Company in that month.

(Continued on Sheet No. 10.207)

(Continued from Sheet No. 10.206)

- (c) The Company shall specify the point of interconnection and voltage level.
  - (d) The QF must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the QF or its interconnection to the Company's facilities may require modifications to this Interconnection Agreement or the safety and reliability standards contained therein.
- (3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

**SPECIAL PROVISIONS**

- (1) Special contracts deviating from the above standard rate schedule are allowable provided the Company agrees to them and they are approved by the Florida Public Service Commission.

(Continued on Sheet No. 10.208)

**APPENDIX I  
TO RATE SCHEDULE COG-2**

**CALCULATION OF VALUE OF DEFERRAL PAYMENTS**

**APPLICABILITY**

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

Also contained in Appendix I is the discussion of the types and forms of surety bond requirements or equivalent assurance for payment of the Termination Fee acceptable to the Company in the event of contractual default by a QF.

**CALCULATION OF VALUE OF DEFERRAL OPTION A**

FPSC Rule 25-17.0832(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a QF pursuant to the Company's Standard Offer Contract shall be defined as the year-by-year value of deferral of the Company's Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring the Company's Avoided Unit one year, and shall be calculated as follows:

$$VAC_m = \frac{1}{12} [ KI_n \frac{(1-R)^L}{(1-R)} + O_n ]$$

Where, for a one year deferral:

- $VAC_m$  = utility's monthly value of avoided capacity and O & M, in dollars per kilowatt per month, for each month of year n;
- $K$  = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;
- $R$  =  $(1 + ip) / (1 + r)$ ;
- $I_n$  = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Company's Avoided Unit which would have been paid had the Unit been constructed;
- $O_n$  = total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;
- $i_p$  = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);

(Continued on Sheet No. 10.209)



(Continued from Sheet No. 10.208)

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

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY-OPTION B**

Normally, payments for firm capacity shall not commence until the in-service date of the Company's Avoided Unit(s). At the option of the QF, however, the Company may begin making payments for early capacity consisting of the capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit starting as early as one year prior to the anticipated in-service date of the Company's Avoided Unit. When such payments for early capacity are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the Capacity Delivery Date of the QF, and shall be calculated as follows:

$$A_m = A_c \frac{(1 + i_p)^{(m-1)}}{12} + A_o \frac{(1 + i_o)^{(m-1)}}{12} \text{ for } m = 1 \text{ to } t$$

Where:

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

$$A_c = F \left[ \frac{(1 - R)}{(1 - R') } \right]$$

(Continued on Sheet No. 10.210)

(Continued from Sheet No. 10.209)

Where:

- F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s);
- R =  $(1 + ip) / (1 + r)$
- r = annual discount rate, defined as the Company's incremental after-tax cost of capital; and

$$A_o = G [(1 - R) / (1 - R^t)]$$

Where:

- G = The cumulative present value, in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s).
- R =  $(1 + io) / (1 + r)$

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

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - LEVELIZED AND EARLY LEVELIZED CAPACITY - OPTION C & OPTION D, RESPECTIVELY**

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

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

Where:

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

( Continued on Sheet No. 10.211 )

(Continued from Sheet No. 10.210)

**RISK-RELATED GUARANTEES**

With the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091, FPSC Rule 25-17.0832 paragraph (4)(e)10, F.A.C., require that, when fixed value of deferral payments - early capacity, levelized capacity, or early levelized capacity are elected, the QF must provide a surety bond or equivalent assurance of securing the payment of a Termination Fee in the event the QF is unable to meet the terms and conditions of its Standard Offer Contract. Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Standard Offer Contract, one of the following may constitute an equivalent assurance of payment:

- (1) Bond;
- (2) Cash deposit(s) with FPL ;
- (3) Unconditional, irrevocable, direct pay letter of credit;
- (4) Unsecured promise by a municipal, county or state government to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric customers of such government to assure that payments for early or levelized capacity are repaid;
- (5) Unsecured promise by a privately-owned QF to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from the owner(s) of the QF, parent company, and/or subsidiary companies allowing the Company to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that payments for early, levelized or early levelized capacity are repaid; or
- (6) Other guarantee acceptable to the Company.

The Company will cooperate with each QF applying for fixed value of deferral payments under the early, levelized or early levelized capacity options to determine the exact form of an "equivalent assurance" for payment of the Termination Fee to be required based on the particular aspects of the QF. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the QF and the Company's ratepayers.

**APPENDIX II  
TO RATE SCHEDULE COG-2  
CAPACITY OPTION PARAMETERS**

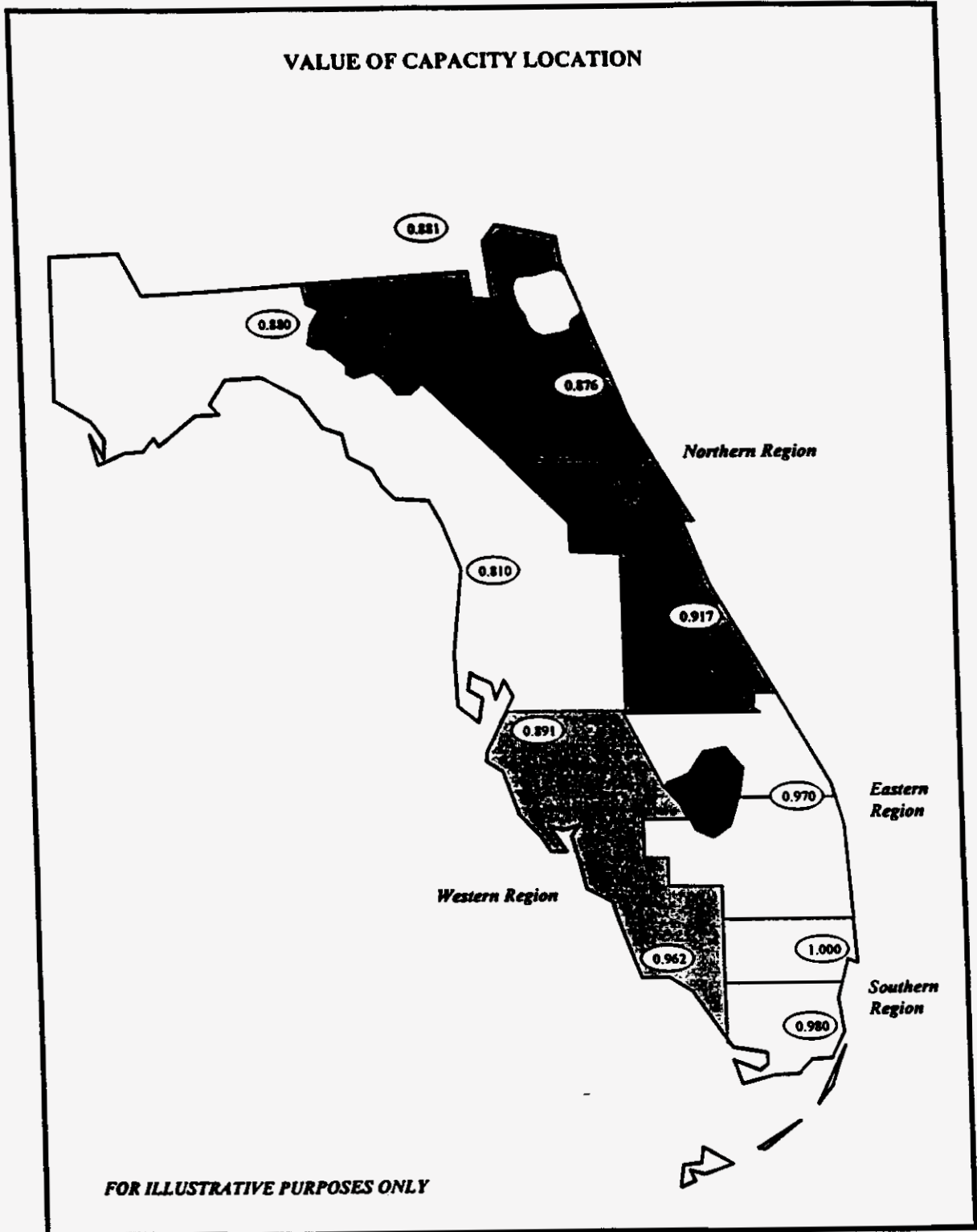
**FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS**

Where, for a one year deferral:		<u>Value</u>
$VAC_m$	= Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$3.32
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.5933
$I_n$	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n;	\$372.11
$O_n$	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	\$1.40
$i_p$	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.2%
$i_o$	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.4%
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.78%
L	= expected life of the Company's Avoided Unit;	30
n	= year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	2002

**FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS**

$A_m$	= monthly capacity payments to be made to the QF starting as early as one year prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month;	\$2.64
$i_p$	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.2%
$i_o$	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.4%
n	= year for which early capacity payments to a QF are to begin;	Jan, 2001
F	= the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years;	\$161.06
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.78%
t	= the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing one year prior to the in-service date of the Company's Avoided Unit;	6
G	= the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years.	\$6.31

APPENDIX III TO RATE SCHEDULE COG - 2  
VALUE OF CAPACITY LOCATION



**APPENDIX B  
TO THE STANDARD OFFER CONTRACT  
FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY  
USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN  
CAPACITY OF 100 KW OR LESS, OR A SOLID WASTE FACILITY  
PAY FOR PERFORMANCE PROVISIONS MONTHLY CAPACITY PAYMENT CALCULATION**

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:
- A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 90%, then no Monthly Capacity Payment shall be due. That is:

$$\text{MCP} = 0$$

- B. In the event that the ACBF is equal to or greater than 90% but less than 98%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$\text{MCP} = \text{BCP} \times [0.05 \times (\text{ACBF} - 78)] \times \text{CC}$$

- C. In the event that the ACBF is equal to or greater than 98%, then the Monthly Capacity Payment shall be calculated by using the following formula:

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

Where:

MCP = Monthly Capacity Payment in dollars.

BCP = Base Capacity Payment in \$/W/Month as specified in FPL's Rate Schedule COG-2.

CC = Committed Capacity in kW.

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

MCF = Monthly Capacity Factor. The total Scheduled Energy received during the Monthly Billing Period for which the calculation is made, divided by the total Scheduled Energy requested during the Monthly Billing Period.

(Continued on Sheet No. 10.213.2)

(Continued from Sheet No. 10.213.1)

For purposes of calculating the Monthly Capacity Factor, hourly energy received shall not exceed the lesser of (i) the energy which could be produced by the Committed Capacity or (ii) the actual Scheduled Energy requested by FPL, during such hour. During any Monthly Billing Period where the number of Dispatch Hours equal zero (0), MCF shall equal 1.0.

- On-Peak Hours** = Those hours occurring April 1 through October 31, from noon to 9:00 p.m., and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time. FPL shall have the right to change such On-Peak Hours by providing the QF a minimum of thirty calendar days' advance written notice.
- Monthly Billing Period** = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Capacity Delivery Date and ending with the last calendar day of such month.

Scheduled Energy and Dispatch Hours are as defined in Section 8.4.7 of the Standard Offer Contract.

**APPENDIX C  
TO THE STANDARD OFFER CONTRACT  
TERMINATION FEE**

The Termination Fee shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be), computed according to the following formula:

$$\sum_{i=1}^n (MCP_i - MCPC_i) \times t^{(n-i)}$$

with:  $MCPC_i = 0$  for all periods prior to the in-service date of the Company's Avoided Unit;

where:

- $i$  = number of the Monthly Billing Period commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery Date occurs = 1; the month following the month in which Capacity Delivery Date occurs = 2; etc.)
- $n$  = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)
- $t$  = the future value of an amount factor necessary to compound a sum monthly so the annual percentage rate derived will equal FPL's incremental after-tax avoided cost of capital (defined as  $r$  in COG-2). For any Monthly Billing Period in which  $MCPC_i$  is greater than  $MCP_i$ ,  $t$  shall equal 1.
- $MCP_i$  = Monthly Capacity Payment paid to QF corresponding to the Monthly Billing Period  $i$ , calculated in accordance with Appendix B.
- $MCPC_i$  = Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period  $i$ , calculated in accordance with COG-2.

In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value equal to or greater than zero, the amount of the Termination Fee shall be increased by the amount of such value.

In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

- a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B is less than 90%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Termination Fee shall not be reduced for the applicable Monthly Billing Period.
- b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 90% but less than 98%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times [0.05 \times (\text{ACBF} - 78)]$$

For the applicable Monthly Billing Period, the Termination Fee shall be reduced by the amount of such Reduction Value.

- c. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 98%, then the Initial Reduction Value shall not be adjusted (Reduction Value = Initial Reduction Value), and the Termination Fee shall be reduced for the applicable Monthly Billing Period by the amount of the Initial Reduction Value.

In no event shall FPL be liable to the QF at any time for any amount by which the Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).



**APPENDIX D  
TO THE STANDARD OFFER CONTRACT  
DETAILED PROJECT INFORMATION**

Each eligible Contract received by FPL will be evaluated to determine if the underlying QF project is financially and technically viable. The QF shall, to the extent available, provide FPL with a detailed project proposal which addresses the information requested below.

**I FACILITY DESCRIPTION**

- Project Name
- Project Location
  - Street Address
  - Site Plot Plan
  - Legal Description of Site
  
- Generating Technology
- Facility Classification (Cogenerator or Small Power Producer)
- Primary Fuel
- Alternate Fuel (if applicable)
- Committed Capacity
- Expected In-Service Date
- Steam Host (for cogeneration facilities)
  - ◆ Street Address
  - ◆ Legal Description of Steam Host
  - ◆ Host's annual steam requirements (lbs/yr)
  
- Contact Person
  - Individual's Name and Title
  - Company Name
  - Address
  - Telephone Number
  - ◆ Telecopy Number

**II PROJECT PARTICIPANTS**

- Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:
  - Project Development
  - Siting and Licensing the Facility
  - Designing the Facility
  - Constructing the Facility
  - ◆ Securing the Fuel Supply
  - ◆ Operating the Facility
  
- Provide details on all electrical generation facilities which are currently under construction or operational which were developed by the QF.

(Continued on Sheet No. 10.213.5)

(Continued from Sheet No. 10.213.4)

- Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders, and the percentage of equity invested at financial closing.

**III. FUEL SUPPLY**

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (e.g., Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.
- Provide annual fuel requirements (AFR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel supply arrangements in place to meet the AFR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.

Category	Description of Fuel Supply Arrangement
owned =	fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm fuel contract exists between the developer(s) and fuel supplier(s)
LOI =	a letter of intent for fuel supply exists between developer(s) and fuel supplier(s)
SPP =	small power production facility will burn biomass, waste, or another renewable resource
spot =	fuel supply will be purchased on the spot market
none =	no firm fuel supply arrangement currently in place
other =	fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes delivery and, if so, to what location.
- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.
- Provide annual fuel transportation requirements (AFTR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFTR.

owned =	fuel transport via a fully developed system owned by one or more of the project participants
contract =	fully executed firm transportation contract exists between the developer(s) and fuel transporter(s)
LOI =	a letter of intent for fuel transport exists between developer(s) and fuel transporter(s)
Spot =	fuel transportation will be purchased on the spot market
none =	no firm fuel transportation arrangement currently in place
other =	fuel transportation arrangement which does not fit any of the above categories (please describe)

(Continued on Sheet No. 10.213.6)

(Continued from Sheet No. 10.213.5)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the transportation price mechanism of the arrangement.
- Provide the maximum, minimum, and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.

#### IV. PLANT DISPATCHABILITY/CONTROLLABILITY

- Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated.
  - ◆ Ramp Rate (MW/minute)
  - ◆ Peak Capability (% above Committed Capacity)
  - ◆ Minimum power level (% of Committed Capacity)
  - ◆ Facility Turnaround Time, Hot to Hot (hours)
  - ◆ Start-up Time from Cold Shutdown (hours)
  - ◆ Unit Cycling (# cycles/yr)
  - ◆ MW and MVAR Control (AGC, Manual, Other (please explain))

#### V. SITING AND LICENSING

- Provide a licensing/permitting milestone schedule which lists all permits, licenses and variances required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.
- Provide a licensing/permitting plan that addresses the issues of air emissions, water use, wastewater discharge, wetlands, endangered species, protected properties, solid waste, surrounding land use, zoning for the Facility, associated linear facilities, and support of and opposition to the Facility.
- List the emission/effluent discharge limits the Facility will meet, and describe in detail the pollution control equipment to be used to meet these limits.

#### VI. FACILITY DEVELOPMENT AND PERFORMANCE

- Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, EPC contractor, and Facility operator, steam host integration, and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.
- Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.

(Continued on Sheet No. 10.213.7)

(Continued from Sheet No. 10.213.6)

- Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.
- Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one line diagram for the Facility.
- State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75%, and 50%. In addition, attach a preliminary heat balance for the Facility.
- If the Facility will be a cogenerator under FPSC Rule 25-17.080, provide a detailed description of the power plant/steam host interrelationship. Indicate the host's annual steam requirements and the length of time the Facility can operate without the host. Calculate the Facility's expected PURPA operating standard and efficiency standard and list the assumptions used to make the calculations.

**VII. FINANCIAL**

- Provide FPL with assurances that the proposed QF project is financially viable in accordance with FPSC Rule 25-17.0832(4)(c) by attaching a detailed pro-forma cash flow analysis. The pro-forma must include, at a minimum, the following assumptions for each year of the project.
  - Annual Project Revenues
    - Capacity Payments (\$ and \$/kW/Mo)
    - Variable O&M (\$ and \$/MWh)
    - Energy (\$ and \$/MWh)
    - Steam Revenues (\$ and %/lb.)
    - Tipping Fees (\$ and \$/ton)
    - Interest Income
    - Other Revenues
    - Variable O&M Escalation (%/yr)
    - Energy Escalation (%/yr)
    - Steam Escalation (%/yr)
    - Tipping Fee Escalation (%/yr)
  - Annual Project Expenses
    - Fixed O&M (\$ and \$/kW/Mo)
    - Variable O&M (\$ and \$/MWh)
    - Energy (\$ and \$/MWh)
    - Property Taxes (\$)
    - Insurance (\$)
    - Emission Compliance (\$ and \$/MWh)
    - Depreciation (\$ and %/yr)
    - Other Expenses (\$)
    - Fixed O&M Escalation (%/yr)
    - Variable O&M Escalation (%/yr)
    - Energy Escalation (%/yr)

(Continued on Sheet No. 10.213.8)

(Continued from Sheet No. 10.213.7)

- **Other Project Information**
  - **Installed Cost of the Facility (\$ and \$/kW)**
  - **Committed Capacity (kW)**
  - **Average Heat Rate - HHV (MBTU/kWh)**
  - **Federal Income Tax Rate (%)**
  - **Facility Capacity Factor (%)**
  - **Energy Sold to FPL (MWhs)**
  
- ◆ **Permanent Financing**
  - **Permanent Financing Term (yrs)**
  - **Project Capital Structure (percentage of long-term debt, subordinated debt, tax exempt debt, and equity)**
  - **Financing Costs (cost of long-term debt, subordinated debt, tax exempt debt, and equity)**
  - **Annual Interest Expense**
  - **Annual Debt Service (\$)**
  - **Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)**
  
- **Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.**
  
- **Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.**

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition of Florida Power & Light Company)  
For Approval of a Standard Offer Contract )

DOCKET NO.  
Filed:

**EXHIBIT C**

**Tariff Sheets (Legislative Format)  
Nos. 9.850 through 9.860 and 10.200 through 10.213.8**

**STANDARD OFFER CONTRACT FOR THE PURCHASE OF  
FIRM CAPACITY AND ENERGY FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY USING RENEWABLE OR  
NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS OR A SOLID WASTE FACILITY**

THIS CONTRACT is made and entered this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ (hereinafter "the QF"), and Florida Power & Light Company (hereinafter "FPL") a private utility corporation organized and existing under the laws of the State of Florida. The QF and FPL shall be identified herein as the "Parties". This Contract contains four Appendices; Appendix A, COG-2 Standard Rate for Purchase of Firm Capacity and Energy; Appendix B, Pay for Performance Provisions; Appendix C, Termination Fee; and Appendix D, Detailed Project Information.

**WITNESSETH:**

**WHEREAS**, the QF desires to sell, and FPL desires to purchase electricity to be generated by the QF consistent with Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17091 F.A.C.; and

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

**WHEREAS**, the FPSC has approved this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or other Qualifying Facility using renewable or non-fossil fuel, a Qualifying Facility with a design capacity of 100 KW or less, or a Solid Waste Facility; and

**WHEREAS**, the QF guarantees that the Facility is capable of delivering firm capacity and energy to FPL for the term of this Contract in a manner consistent with the provisions of this Contract;

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

**1. Facility; Qualifying Status**

The QF contemplates installing and operating a \_\_\_\_\_ KVA \_\_\_\_\_ generator located at \_\_\_\_\_ (hereinafter called the "Facility"). The generator is designed to produce a maximum of \_\_\_\_\_ kilowatts (kW) of electric power at an 85% lagging to 85% leading power factor. The facility's location and generation capabilities are as described in the table below.

<b>TECHNOLOGY AND GENERATOR CAPABILITIES</b>	
<b>Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)</b>	<b>City: County:</b>
<b>Generator Type (Induction or Synchronous)</b>	
<b>Type of Facility (Cogeneration, Small Power Production, MSW)</b>	
<b>Technology</b>	
<b>Fuel Type and Source</b>	
<b>Generator Rating (KVA)</b>	
<b>Maximum Capability (kW)</b>	
<b>Net Output (kW)</b>	
<b>Power Factor (%)</b>	
<b>Operating Voltage (kV)</b>	
<b>Peak Internal Load kW</b>	

(Continued on Sheet No. 9.850.1)

(Continued from Sheet No. 9.850)

The QF's failure to complete the foregoing table in its entirety shall render this Contract null and void and of no further effect.

The Facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080 (1). The QF shall maintain the "qualifying" status of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QF that FPL deems necessary to verify the Facility's Qualifying Status. On or before March 31 of each year during the term of this Contract, the QF shall provide to FPL a certificate signed by an officer of the QF certifying that the QF continuously maintained qualifying status during the prior calendar year.

## 2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m., January 1, ~~2006~~2007, unless terminated earlier in accordance with the provisions hereof.

Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the QF before January 1, ~~2004~~2002 (or such later date as may be permitted by FPL pursuant to Section 5) FPL's obligations under this Contract shall be rendered of no force and effect.

## 3. Minimum Specifications

As required by FPSC Rule 25-17.0832 (4) (e), below are the minimum specifications pertaining to this Contract:

1. The avoided unit ("Avoided Unit") on which this Contract is based is a 5 MW portion of a ~~463~~165 MW combustion turbine.
2. The total Committed Capacity needed to fully subscribe the Avoided Unit is 5 MW (the "Subscription Limit").
3. This offer shall expire on the earlier of (i) the date the subscription limit is fully subscribed or (ii) upon the expiration of the two (2) week "Open Solicitation Period." The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the final effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).
4. The date by which firm capacity and energy deliveries from the QF to FPL shall commence is January 1, ~~2004~~2002 (or such later date as may be permitted by FPL pursuant to Section 5) unless the Facility chooses capacity payments under Options B, C, or D, pursuant to the terms of this contract.
5. The period of time over which firm capacity and energy shall be delivered from the QF to FPL is the five (5) year period beginning on January 1, ~~2004~~2002.
6. The following are the minimum performance standards for the delivery of firm capacity and energy by the QF to qualify for full capacity payments under this Contract:

(Continued on Sheet No. 9.851)



(Continued from Sheet No. 9.850.1)

Availability	On Peak * 98%	Off Peak 98%
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\* QF Performance and On Peak hours shall be as measured and/or described in FPL's Rate Schedule COG-2 attached hereto as Appendix A

#### 4. Sale of Electricity by the QF

##### 4.1 Purchase by FPL

Consistent with the terms hereof, the QF shall sell to FPL and FPL shall purchase from the QF all of the electric power generated by the Facility. FPL shall have the sole right to purchase all energy and capacity from the Facility. The purchase and sale of electricity pursuant to this Contract shall be a ( ) net billing arrangement or ( ) simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause the QF to sell more than the Facility's net output. The billing methodology may be changed at the option of the QF, subject to the provisions of FPL Rate Schedule COG-2.

4.2 The QF shall not rely on interruptible standby service for the start up requirements ( initial or otherwise) of the Facility.

#### 5. Committed Capacity/Capacity Delivery Date

- 5.1 The QF commits to sell capacity to FPL, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity is set at \_\_\_\_\_ kW, with an expected Capacity Delivery Date of January 1, 2001. ~~2002.~~
- 5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than 30 days following FPL's acceptance of the original Standard Offer Contract and testing must be completed by 11:59 p.m., December 31, 2000. ~~2001.~~ The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1 the QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.
- 5.3 In addition to the first Committed Capacity Test, FPL shall have the right to require the QF, by notice thereto, to validate the Committed Capacity by means of a Committed Capacity Test at any time, up to six (6) times per year, the results of which shall be provided to FPL within seven (7) days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 5.1.
- 5.4 Notwithstanding anything to the contrary herein, the Committed Capacity may not exceed the amount set forth in Section 5.1 without the consent of FPL, to be granted in FPL's sole discretion.
- 5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test.
- 5.6 In no event shall FPL make capacity payments to the QF prior the the Capacity Delivery Date.
- 5.7 The QF shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or after ~~April 1, 2000~~ January 1, 2001 and on or before January 1, 2004. ~~2002~~ (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before January 1, 2004, ~~2002~~, FPL shall immediately be entitled to draw down the Completion/Performance security in full, and in addition, FPL may, but shall not be obligated to, allow the QF up to an additional five (5) months to achieve the Capacity Delivery Date. If the QF fails to achieve the Capacity Delivery Date either (i) by January 1, 2004, ~~2002~~ or (ii) by such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and this Contract shall be rendered null and void and of no further effect.

(Continued on Sheet No. 9.852)

(Continued from Sheet No. 9.851)

**6. Testing Procedures**

- 6.1 The Committed Capacity Test must be completed successfully within a sixty-hour period (the "Demonstration Period"), which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the QF by means of a written notice to FPL delivered at least thirty (30) days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test ordered by FPL under any of the provisions of this Contract. FPL shall have the right to be present onsite to monitor any Committed Capacity Test required or permitted under this Contract.
- 6.2 Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net KW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. The Committed Capacity Test Period shall commence at the time designated by the QF pursuant to Section 6.1 or at such time requested by FPL pursuant to Section 5.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that FPL is notified of, and consents to, such earlier time.
- 6.3 Normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period. Normal deliveries of the contracted quantity and quality of cogenerated steam to the steam host, if any, shall be required during the Committed Capacity Test Period.
- 6.4 The Capacity of the Facility (the "Capacity") shall be the average net capacity (generator output minus auxiliary) measured over the Committed Capacity Test Period.
- 6.5 The Committed Capacity Test shall be performed according to standard industry testing procedures for the appropriate technology of the QF.
- 6.6 Except as otherwise provided herein, results of any Committed Capacity Test shall be submitted to FPL by the QF within seven (7) days of the conclusion of the Committed Capacity Test.

**7. Payment for Electricity Produced by the Facility****7.1 Energy**

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

**7.2 Capacity**

FPL agrees to pay the QF for the capacity described in Section 5 in accordance with the rates and procedures contained in Rate Schedule COG-2, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option \_\_\_\_\_ of Rate Schedule COG-2. The QF understands and agrees that Capacity payments will only be made under Option B, Option C, or Option D if the QF has achieved the Capacity Delivery Date and is delivering firm capacity and energy to FPL. Once so selected, this option cannot be changed for the life of this Contract.

**7.3 Payments**

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

(Continued on Sheet No. 9.853)

(Continued from Sheet No. 9.852)

**8. Electricity Production and Plant Maintenance Schedule**

- 8.1** No later than sixty (60) days prior to the Capacity Delivery Date, and prior to April 1 of each calendar year thereafter during the term of this Contract, the QF shall submit to FPL in writing a detailed plan of the amount of electricity to be generated by the Facility and delivered to FPL for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in capacity.
- 8.2** By October 31 of each calendar year, FPL shall notify the QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL cannot accept any of the requested scheduled maintenance periods, FPL shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QF shall only schedule outages during periods approved by FPL, and such approval shall not be unreasonably withheld. Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such event is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to 7 days per calendar year. In no event shall maintenance periods be scheduled during the following periods: June 1 through and including September 15 and December 1 through and including February 28 (or 29<sup>th</sup> as the case may be).
- 8.3** The QF shall comply with reasonable requests by FPL regarding day-to-day and hour-by-hour communication between the Parties relative to electricity production and maintenance scheduling.
- 8.4 Dispatch and Control**
- 8.4.1** Power supplied by the QF hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of \_\_\_\_\_,000 volts ( \_\_\_\_\_ kV) and power factor dispatchable and controllable in the range of 85% lagging to 85% leading as measured at the interconnection point to maintain system operating parameters, as specified by FPL.
- 8.4.2** The QF shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPL's system, except for normal testing and repair in accordance with good engineering and operating practices as agreed by the Parties. The QF shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal testing and repair. The QF shall have qualified personnel test and calibrate all protective equipment at regular intervals in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and results provided to FPL prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices as agreed by the Parties.
- 8.4.3** If the Facility is separated from the FPL system for any reason, under no circumstances shall the QF reconnect the Facility into FPL's system without first obtaining FPL's specific approval.
- 8.4.4** During the term of this Contract, the QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPL. The QF shall ensure that operating personnel are on duty at all times, twenty-four hours a calendar day and seven calendar days a week. Additionally, during the term of this Contract, the QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder and in accordance with applicable law and prudent utility practices.
- 8.4.5** FPL shall not be obligated to purchase, and may require curtailed or reduced deliveries of, energy to the extent necessary to maintain the reliability and integrity of any part of FPL's system, or in the event that FPL determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to FPL's customers. FPL shall give the QF prior notice, if practicable, of its intent to refuse, curtail or reduce FPL's acceptance of energy pursuant to this Section and will act to minimize the frequency and duration of such occurrences.

(Continued on Sheet No. 9.853.1)

(Continued from Sheet No. 9.853)

- 8.4.6 After providing notice to the QF, FPL shall not be required to accept or purchase energy from the QF during any period in which, due to operational circumstances, acceptance or purchase of such energy would result in FPL's incurring costs greater than those which it would incur if it did not make such purchases. An example of such an occurrence would be a period during which the load being served is such that the generating units on line are base load units operating at their minimum continuous ratings and the purchase of additional energy would require taking a base load unit off the line and replacing the remaining load served by that unit with peaking-type generation. FPL shall give the QF as much prior notice as practicable of its intent not to accept energy pursuant to this Section.
- 8.4.7 FPL may, at any time during the term hereof, by oral, written, or electronic notification to the QF, request the QF to deliver capacity and associated energy up to the full Committed Capacity to meet FPL's system requirements. The QF shall comply with such request within ten (10) minutes of receiving such notification from FPL. Any clock hour for which FPL requests the delivery of such capacity and energy ("Scheduled Energy") shall be referred to herein as a "Dispatch Hour."

(Continued on Sheet No. 9.854)

(Continued from Sheet No. 9.853.1)

**9. Completion/Performance Security**

- 9.1 As security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, the QF shall provide FPL either: (a) an unconditional, irrevocable, direct-pay letter(s) of credit in effect through the first (1<sup>st</sup>) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a financial institution(s) having an investment grade credit rating, in form and substance acceptable to FPL (including provisions (i) permitting partial and full draws and (ii) permitting FPL to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least ten (10) business days prior to its expiration date); or (b) a cash deposit(s) with FPL. Such letter(s) of credit or cash deposit (s) shall be provided in the amount and by the date listed below:
- 9.1.1 \$30.00 per kW (for the number of kW set forth in Section 5.1) within thirty (30) calendar days of the execution of this Contract by the Parties hereto.
- 9.2 The specific security instrument provided for purposes of this Contract is:
- ( ) unconditional, irrevocable, direct pay letter(s) of credit.
  - ( ) Bond.
  - ( ) cash deposit(s) with FPL.
- 9.3 FPL shall have the right to monitor the financial condition of the issuer(s) in the event any letter of credit is provided by the QF. In the event the senior debt rating of any issuer(s) has deteriorated to a level below investment grade, FPL may require the QF to replace the letter(s) of credit. The replacement letter(s) of credit must be issued by a financial institution(s) with an investment grade credit rating, and meet the requirements of Section 9.1, within thirty (30) calendar days following written notification to the QF of the requirement to replace. Failure by the QF to comply with the requirements of this Section 9.3 shall be grounds for FPL to draw in full on the existing letter of credit and to exercise any other remedies it may have hereunder.
- 9.4 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QF qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured promise to pay, by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder.
- 9.5 If an Event of Default under Section 12 occurs, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-applicable Completion/Performance Security.
- 9.6 If an Event of Default has not occurred and the QF fails to achieve the Capacity Delivery Date on or before January 1, ~~2004~~2002 (irrespective of any extension that may be granted by FPL under Section 5.7), FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/Performance Security. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date occurs on or before January 1, ~~2004~~2002 then the QF shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to \$15.00 per kW (for the number of kW set forth in Section 5.1).
- 9.7 In the event that FPL requires the QF to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QF fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-remaining amount of the Completion/Performance Security. In the event that FPL does not require the QF to perform a Committed Capacity Test or if the QF successfully demonstrates (in connection with all such Committed Capacity Tests required by FPL pursuant to Section 5.3) a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, in either case, on or before the first anniversary of the Capacity Delivery Date, then the QF shall be entitled to a refund of or FPL shall return, as applicable, any remaining amount of the Completion/Performance Security within thirty (30) days of the first anniversary of the Capacity Delivery Date.

(Continued on Sheet No. 9.854.1)

(Continued from Sheet No. 9.854)

## 10. Termination Fee

10.1 In the event that the QF receives capacity payments pursuant to Option B, Option C, or Option D, then upon the termination of this Contract, the QF shall owe and be liable to FPL for a termination fee calculated in accordance with Appendix C (the "Termination Fee"). The QF's obligation to pay the Termination Fee shall survive the termination of this Contract. FPL shall provide the QF, on a monthly basis, a calculation of the Termination Fee.

10.1.1 The Termination Fee shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091) by the QF by: (i) an unconditional, irrevocable, direct pay letter(s) of credit issued by a financial institution(s) with an investment grade credit rating in form and substance acceptable to FPL (including provisions (a) permitting partial and full draws and (b) permitting FPL to draw upon such letter of credit, in full, if such letter of credit is not renewed or replaced at least ten (10) business days prior to its expiration date; (ii) a bond issued by a financially sound company in form and substance acceptable to FPL; or (iii) a cash deposit with FPL (any of (i), (ii), or (iii), the "Termination Security"). The specific security instrument selected by the QF for purposes of this Contract is:

- Unconditional, irrevocable, direct pay letter(s) of credit
- Bond.
- Cash deposit(s) with FPL.

10.1.2 FPL shall have the right to monitor the financial condition of (i) the issuer(s) in the case of any letter of credit and (ii) the insurer(s), in the case of any bond. In the event the senior debt rating of any issuer(s) or insurer(s) has deteriorated to a level below investment grade, FPL may require the QF to replace the letter(s) of credit or the bond, as applicable. In the event that FPL notifies the QF that it requires such a replacement, the replacement letter(s) of credit or bond, as applicable, must be issued by a financial institution(s) or insurer(s) with an investment grade credit rating, and meet the requirements of Section 10.1.1 within thirty (30) calendar days following such notification. Failure by the QF to comply with the requirements of this Section 10.1.2 shall be grounds for FPL to draw in full on any existing letter of credit or bond and to exercise any other remedies it may have hereunder.

10.1.3 After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, upon FPL's issuance of the Termination Fee calculation as described in Section 10.1, the QF must provide within 10 days, FPL with written assurance and documentation (the "Security Documentation"), in form and substance acceptable to FPL, that the amount of the Termination Security is sufficient to cover the balance of the Termination Fee. In addition to the foregoing, at any time during the term of this Contract, FPL shall have the right to request, and the QF shall be obligated to deliver within five (5) days of such request, such Security Documentation. Failure by the QF to comply with the requirements of this Section 10.1.3 shall be grounds for FPL to draw in full on any existing letter of credit or bond or to retain any cash deposit, and to exercise any other remedies it may have hereunder.

10.1.4 Upon any termination of this Contract following the Capacity Delivery Date, FPL shall be entitled to receive (and in the case of the letter(s) of credit or bond, draw upon such letter(s) of credit or bond) and retain one-hundred percent (100%) of the Termination Security.

## 11. Performance Factor

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

(Continued on Sheet No. 9.855)

(Continued from Sheet No. 9.854.1)

**12. Default**

Notwithstanding the occurrence of any Force Majeure as described in Section 16, each of the following shall constitute an Event of Default:

- (a) The QF fails to maintain the "qualifying" status of the Facility obtained pursuant to one of the alternatives specified in Section 1 of this Contract;
- (b) The QF changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;
- (c) After the Capacity Delivery Date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 90%;
- (d) The QF fails to comply with any of the provisions of Section 9.0 hereof;
- (e) The QF fails to comply with any of the provisions of Section 10.0 hereof;
- (f) The QF ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;
- (g) The QF fails to give proper assurance of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance;
- (h) The QF materially fails to perform as specified under this Contract, including, but not limited to, the QF's obligations under Sections 8, 9, 10, and 14-19.
- (i) The QF fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than July 1, ~~2000~~, 2001;
- (j) The QF fails to comply with any of the provisions of Section 19.3 hereof;
- (k) Any of the representations or warranties made by the QF in this Contract is false or misleading in any material respect as of the time made;
- (l) The occurrence of an event of default by the QF under the Interconnection Agreement;
- (m) The QF fails to satisfy its obligations under Section 8.4.7 more than two (2) times in any calendar year;
- (n) The QF breaches any material provision of this Contract not specifically mentioned in this Section 12; or
- (o) If at any time after the Capacity Delivery Date, the QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

(Continued on Sheet No. 9.856)

(Continued from Sheet No. 9.855)

**13. FPL's Rights in the Event of Default**

- 13.1 Upon the occurrence of any of the Events of Default in Section 12, FPL may, at its option:
- 13.1.1 terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the QF, and offset against any payment(s) due from FPL to the QF, any monies otherwise due from the QF to FPL;
  - 13.1.2 enforce the provisions of the Termination Security requirement pursuant to Section 10 hereof; or
  - 13.1.3 exercise any other remedy(ies) which may be available to FPL at law or in equity.
- 13.2 Termination shall not affect the liability of either Party for obligations arising prior to such termination or for damages, if any, resulting from any breach of this Contract.

**14. Indemnification**

- 14.1 FPL and the QF shall each be responsible for its own facilities. FPL and the QF shall each be responsible for ensuring adequate safeguards for other FPL customers, FPL's and the QF's personnel and equipment, and for the protection of its own generating system. Each Party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other Party (the "Indemnified Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "FPL Entities" and "QF Entities") from and against any and all claims, demands, costs, or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) caused by, arising out of, or resulting from:
- (a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder;
  - (b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system;
  - (c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system;
  - (d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or
  - (e) any other event or act that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees.
- 14.2 Payment by an Indemnified Party will not be a condition precedent to the obligations of the Indemnifying Party under Section 14. No Indemnified Party under Section 14 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 14 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 14 shall survive termination of this Agreement.

**15. Insurance**

- 15.1 The QF shall procure or cause to be procured, and shall maintain throughout the entire term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable to FPL on a standard "Insurance Services Office" commercial general liability form (such policy or policies, collectively, the "QF Insurance"). A certificate of insurance shall be delivered to FPL at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the QF Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract and the Interconnection Agreement, or (ii) caused by operation of the Facility or any of the QF's equipment or by the QF's failure to maintain the Facility or the QF's equipment in satisfactory and safe operating condition. Effective at least fifteen (15) calendar days prior to the synchronization of the Facility with FPL's system, the QF Insurance shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards. Without limiting the foregoing, the QF Insurance must be reasonably acceptable to FPL. Any premium assessment or deductible shall be for the account of the QF and not FPL.

(Continued on Sheet No. 9.856.1)



(Continued from Sheet No. 9.856)

- 15.2 The QF Insurance shall have a minimum limit of one million Dollars (\$1,000,000) per occurrence, combined single limit, for bodily injury (including death) or property damage.
- 15.3 In the event that such insurance becomes totally unavailable or procurement thereof becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but FPL and the QF shall enter into negotiations to develop substitute protection which the parties in their reasonable judgment, deem adequate.
- 15.4 To the extent that the QF Insurance is on a "claims made" basis, the retroactive date of the policy(ies) shall be the effective date of this Contract or such other date as may be agreed upon to protect the interests of the FPL Entities and the QF Entities. Furthermore, to the extent the QF Insurance is on a "claims made" basis, the QF's duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the QF Insurance is on an "occurrence" basis, such insurance shall be maintained in effect at all times by the QF during the term of this Contract.
- 15.5 The QF Insurance shall provide that it may not be cancelled or materially altered without at least thirty (30) calendar days' written notice to FPL. The QF shall provide FPL with a copy of any material communication or notice related to the QF Insurance within ten (10) business days of the QF's receipt or issuance thereof.
- 15.6 The QF shall be designated as the named insured and FPL shall be designated as an additional named insured under the QF Insurance. The QF Insurance shall be endorsed to be primary to any coverage maintained by FPL.

(Continued on Sheet No. 9.857)

(Continued from Sheet No. 9.856.1)

**16. Force Majeure**

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

- 16.1 Except as otherwise provided in this Contract, each Party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.
- 16.2 In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party claiming Force Majeure shall notify the other Party in writing within five (5) business days of the occurrence of the event of Force Majeure, of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A Party claiming Force Majeure shall not be entitled to any relief therefor unless and until conforming notice is provided. The Party claiming Force Majeure shall notify the other Party of the cessation of the event of Force Majeure or of the conclusion of the affected Party's cure for the event of Force Majeure, in either case within two (2) business days thereof.
- 16.3 The Party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected Party, and such Party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such Party deems to be unfavorable.
- 16.4 If the QF suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QF may, upon notice to FPL, temporarily adjust the Committed Capacity as provided in Sections 16.5 and 16.6. Such adjustment shall be effective the first calendar day immediately following FPL's receipt of the notice or such later date as may be specified by the QF. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.
- 16.5 If the Facility is rendered completely inoperative as a result of Force Majeure, the QF shall temporarily set the Committed Capacity equal to 0 kW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 kW, FPL shall have no obligation to make capacity payments hereunder.
- 16.6 If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the QF shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.
- 16.7 Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provision of this Contract, upon such cessation or cure, FPL shall have the right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPL under this Section shall be additional to any Committed Capacity Test under Section 5.3.
- 16.8 During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 16.4, all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay-for-performance provisions in Appendix B.

(Continued on Sheet No. 9.857.1)

(Continued from Sheet No. 9.857)

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

**17. Representations, Warranties, and Covenants of QF**

The QF represents and warrants that as of the Effective Date:

**17.1 Organization, Standing and Qualification**

The QF is a \_\_\_\_\_ (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of \_\_\_\_\_ and has all necessary power and authority to carry on its business as presently conducted, to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The QF is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on FPL.

**17.2 Due Authorization, No Approvals, No Defaults, etc.**

Each of the execution, delivery and performance by the QF of this Contract has been duly authorized by all necessary action on the part of the QF, does not require any approval, except as has been heretofore obtained, of the \_\_\_\_\_ (shareholders, partners, or others, as applicable) of the QF or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the QF, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the \_\_\_\_\_ (articles of incorporation, bylaws, or other as applicable) of the QF, or any agreement, judgment, injunction, order, decree or other instrument binding upon the QF, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract.

**17.3 Compliance with Laws**

The QF has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The QF is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the QF or FPL.

**17.4 Governmental Approvals**

Except as expressly contemplated herein, neither the execution and delivery by the QF of this Contract, nor the consummation by the QF of any of the transactions contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of governmental authority, except in respect of permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the QF has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefor).

**17.5 No Suits, Proceedings**

There are no actions, suits, proceedings or investigations pending or, to the knowledge of the QF, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the QF's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The QF has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment.

(Continued on Sheet No. 9.857.2)

(Continued From Sheet No. 9.857.1)

**17.6 Environmental Matters**

To the best of its knowledge after diligent inquiry, the QF knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.

**18. Regulatory Disallowance**

This Section has been left intentionally blank

**19. General Provisions**

**19.1 Project Viability**

To assist FPL in assessing the QF's financial and technical viability, the QF shall provide the information and documents requested in Appendix D or substantially similar documents, to the extent the documents apply to the type of Facility covered by this Contract, and to the extent the documents are available. All documents to be considered by FPL must be submitted at the time this Contract is presented to FPL. Failure to provide the following such documents may result in a determination of non-viability by FPL.

**19.2 Permits**

The QF hereby agrees to obtain and maintain any and all permits, certifications, licenses, consents or approvals of any governmental authority which the QF is required to obtain as a prerequisite to engaging in the activities specified in this Contract.

(Continued on Sheet No. 9.858)

(Continued from Sheet No. 9.857.2)

19.3 **Project Management**

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

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

19.4 **Assignment**

The QF may not assign this Contract, without FPL's prior written approval, which approval may be withheld in FPL's sole discretion.

19.5 **Disclaimer**

In executing this Contract, FPL does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the QF or any assignee of this Contract.

19.6 **Notification**

All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, or sent by fax if followed immediately with a copy sent by registered or certified mail, to the individuals designated below. The Parties designate the following individuals to be notified or to whom payment shall be sent until such time as either Party furnishes the other Party written instructions to contact another individual:

For the QF:

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

For FPL:

Florida Power & Light Company  
Manager,  
~~Resource Planning~~ Wholesale Services  
P. O. Box 029100  
Miami, FL 33102

This signed Contract and all related documents may be presented no earlier than 8:00 a.m. on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

Florida Power & Light Company  
9250 West Flagler Street  
Miami, FL 33174

Attention: Manager, ~~Resource Planning~~ Wholesale Services  
Resource Assessment and Planning Department

(Continued on Sheet No. 9.859)

(Continued from Sheet No. 9.858)

**19.7 Applicable Law**

This Contract shall be construed in accordance with and governed by, and the rights of the parties shall be construed in accordance with, the laws of the State of Florida, without regard to conflict of law rules thereof.

**19.8 Taxation**

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Services determination, through audit, ruling or other authority, that FPL's payments to the QF for capacity under Options B, C, or D are not fully deductible when paid (additional tax liability), FPL may bill the QF monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due the QF hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire-capacity payments had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.

**19.9 Severability**

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

**19.10 Complete Agreement and Amendments**

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

**19.11 Survival of Contract**

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

**19.12 Record Retention**

The QF agrees to retain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder, and to cause all QF Entities to retain for the same period all such records.

**19.13 No Waiver**

No waiver of any of the terms and conditions of this Contract shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The failure of a Party to insist, in any instance, on the strict performance of any of the terms and conditions hereof shall not be construed as a waiver of such Party's right in the future to insist on such strict performance.

(Continued on Sheet No. 9.859.1)

(Continued from Sheet No. 9.859)

19.14 Set-Off

FPL may at any time, but shall be under no obligation to, set off any and all sums due from the QF against sums due to the QF hereunder.

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

WITNESS:

FLORIDA POWER & LIGHT COMPANY

\_\_\_\_\_

\_\_\_\_\_

WITNESS:

Date \_\_\_\_\_

\_\_\_\_\_

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

Date \_\_\_\_\_

**FLORIDA POWER & LIGHT COMPANY**

**Original Sheet No. 9.860**

**Information contained on this sheet has been moved to Original Sheet 10.213.1**

**Issued by:**  
**Effective:**



Information contained on this sheet has been moved to Original Sheet 10.213.2

**Issued by:**  
**Effective:**

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**RATE SCHEDULE COG-2  
APPENDIX A  
TO THE STANDARD OFFER CONTRACT  
STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY  
USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY  
WITH A DESIGN CAPACITY OF 100 KW OR LESS OR SOLID WASTE FACILITIES**

**SCHEDULE**

COG-2, Firm Capacity and Energy

**AVAILABLE**

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or Other Qualifying Facility using renewable or non-fossil fuel, a Qualifying Facility with a design capacity of 100 kw or less, or a Solid Waste Facility" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Qualifying Facility specified in FPSC Rule 25-17.0832 (4), and which is either directly or indirectly interconnected with the Company. The Company's obligation to contract to purchase firm capacity from such QFs by means of this schedule and the Standard Offer Contract will continue only as long as, and to the extent that, the 5 MW subscription limit is not exceeded and, in any event, no later than the expiration of the two (2) week Open Solicitation Period. The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the final effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).

**APPLICABLE**

To Qualifying Facilities as specified in FPSC Rule 25-17.0832 (4) producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract". Firm Capacity and Energy are described by FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a QF pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

**CHARACTER OF SERVICE**

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

**LIMITATION**

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

- A. Are specified in FPSC Rule 25-17.0832 (4)
- B. Execute a Standard Offer Contract prior to the expiration of the 2-week Open Solicitation Period.
- C. Commit to commence deliveries of firm capacity and energy no later than January 1, ~~2004~~2002, and to continue such deliveries through December 31, ~~2005~~2006;
- D. Provide capacity which would not result in the capacity subscription limit for the Company on capacity (5 MW) to be exceeded; and
- E. Are not currently under contract with the Company or with any other entity for the Facility's output.

**RATES FOR PURCHASES BY THE COMPANY**

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company. The Company's next Avoided Unit has been identified as a 5 MW portion of a ~~463~~165 MW combustion turbine with an in-service date of January 1, ~~2004~~2002. Appendix I to this Schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's Standard Offer Contract filed and approved pursuant to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

( Continued on Sheet No. 10.201 )

(Continued from Sheet No. 10.200)

**A. Firm Capacity Rates**

Four options, A through D, as set forth below, are available for payment of firm capacity which is produced by a QF and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the QF has contractually committed to deliver to the Company and are based on a contract term which extends five (5) years beyond the anticipated in-service date of the Company's Avoided Unit (i.e., through December 31, ~~2005~~2006). Payment schedules for other contract terms will be made available to any QF upon request and may be calculated based on the methodologies described in Appendix I. The currently approved parameters used to calculate the following schedule of payments are found in Appendix II to this Schedule.

**Adjustment to Capacity Payment**

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

Appendix III shows, for illustration purposes, the factors that would be used to adjust the firm capacity rate for different geographical areas. The actual adjustment would be determined on a case-by-case basis. The amount of such adjustment, as well as a binding contract rate for firm capacity, shall be provided to the QF within sixty days of FPL execution of the signed Standard Offer Contract.

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

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an in-service date of January 1, ~~2001~~2002, calculated in accordance with FPSC Rule 25-17.0832 F.A.C., as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

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

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. These payments can start as early as one year prior to the anticipated in-service date of the Company's Avoided Unit; provided, however, that under no circumstances may payments begin before the QF is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the QF and calculated as shown on Appendix I.

The QF shall select the month and year in which the deliveries of firm capacity and energy to the Company are to commence and capacity payments are to start. The Company will provide the QF with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract. The following exemplary payment schedule is based on a contract term which extends five (5) years beyond the anticipated in-service date of the Company's Avoided Unit.

(Continued on Sheet No. 10.202)

(Continued from Sheet No. 10.201)

EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/kW/MONTH  
 COMPANY'S 2001-2002 COMBUSTION TURBINE AVOIDED UNIT (5 MW)  
 STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS  
 (\$/kW/MONTH)

Contract Year	Option A	Option B
	Normal Payment Starting 01/01/2001-2002	Fixed Value of Deferral Payments - Early Capacity <del>07/01/2000</del> 01/01/2001
2000		\$2.59
2001	\$2,940.00	2.64
2002	<del>3,043.32</del>	<del>2,702.69</del>
2003	<del>3,083.40</del>	2.75
2004	<del>3,153.47</del>	<del>2,822.81</del>
2005	<del>3,223.55</del>	2.88
2006	<del>3.63</del>	<del>2.94</del>

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

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

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

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

(Continued on Sheet No. 10.203)

(Continued from Sheet No. 10.202)

EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/KW/MONTH  
~~2001~~ 2002 COMBUSTION TURBINE AVOIDED UNIT (5 MW) LEVELIZED CAPITAL  
 AVOIDED CAPACITY PAYMENTS  
 (\$/KW/MONTH)

Contract Year	Option C	Option D (Early O&M)
	Levelized Payment	Fixed Value of Deferral Payments - Early Levelized Capacity
Starting		
01/01/ <del>2001</del> <u>2002</u>		07/01/ <del>2000</del> <u>01/01/2001</u>
2000		\$2.72
2001	<del>3.060.00</del>	<u>2.722.77</u>
2002	<u>3.063.46</u>	<u>2.732.77</u>
2003	<u>3.073.46</u>	<u>2.732.77</u>
2004	<u>3.083.46</u>	<u>2.742.77</u>
2005	<u>3.083.47</u>	<u>2.742.78</u>
2006	<u>3.47</u>	<u>2.78</u>

**B. Energy Rates**

(1) Payments Prior to January 1, ~~2001~~ 2002

The energy rate, in cents per kilowatt-hour (¢/kWh), shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. The calculation of the Company's avoided energy costs reflects the delivery of energy from the region of the Company in which the QF is located. Energy payments to the QFs located outside the Company's service area shall reflect the region in which the interchange point for the delivery of energy is located. When economy transactions take place, the incremental costs are calculated as described in FPL's Rate Schedule COG-1.

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

(Continued on Sheet No. 10.204)

(Continued from Sheet No. 10.203)

(2) Payments Starting on January 1, 2001~~2~~

The calculation of payments to the QF for energy delivered to FPL on and after January 1, 2001~~2~~ shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate (¢/kWh); and (b) the amount of energy (kWhs) delivered to FPL from the Facility during that hour.

For any Dispatch Hour the firm energy rate shall be, on an hour-by-hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QF to FPL, the firm energy rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the average monthly fuel price in \$/mmBTU as determined from gas prices reported in Gas Daily under the heading "Citygate, Pooling Point Prices, Florida gates via FGT"; and (b) an average annual heat rate of ~~40,450~~10,430 BTU per kilowatt hour; plus (c) an additional ~~297.086¢~~ per kilowatt hour in mid ~~1999~~2000 dollars for variable operation and maintenance expenses which will be escalated based on the actual Consumer Price Index. All purchases shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the QF is located. Energy payments to QFs located outside the Company's service territory reflect the region in which the interchange point for the delivery of energy is located.

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. In addition, avoided energy cost payments will include ~~0.013~~0.004¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
January 1, 2000 - March 31, 2000	2.24	2.09	2.12
April 1, 2000 - September 30, 2000	2.68 <u>3.54</u>	2.31 <u>3.11</u>	2.44 <u>3.22</u>
October 1, 2000 - March 31, 2001	2.37 <u>2.72</u>	2.24 <u>2.52</u>	2.27 <u>2.57</u>
April 1, 2001 - September 30, 2001	2.87 <u>2.99</u>	2.55 <u>2.73</u>	2.63 <u>2.80</u>
October 1, 2001 - <del>December 31, 2001</del> <u>March 31, 2002</u>	2.69 <u>3.02</u>	2.46 <u>2.88</u>	2.52 <u>2.92</u>

A MW block size ranging from ~~24 MW to 36 MW~~ 2 MW to 9 MW has been used to calculate the estimated As-Available energy cost.

ESTIMATED UNIT FUEL COST

The estimated unit fuel costs listed below are associated with the Company's Avoided Unit and are based on current estimates of the price of natural gas.

\$/MMBTU						
2000	2001	2002	2003	2004	2005	2006
2.97 <u>3.13</u>	3.09 <u>3.04</u>	3.26 <u>2.99</u>	3.48 <u>2.99</u>	3.65 <u>3.06</u>	3.77 <u>3.13</u>	3.22

DELIVERY VOLTAGE ADJUSTMENT

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

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	<del>1.0214</del> <u>1.0209</u>
Secondary Voltage Delivery	<del>1.0460</del> <u>1.0459</u>

(Continued on Sheet No. 10.205)

(Continued from Sheet No. 10.204)

**PERFORMANCE CRITERIA**

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

**A. Capacity Delivery Date**

The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., January 1, ~~2001~~2002.)

**B. Availability and Capacity Factor**

The Facility's availability and capacity factor are used in the determination of firm capacity payments through a performance based calculation as detailed in Appendix B to the Company's Standard Offer Contract.

**METERING REQUIREMENTS**

The QFs within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy deliveries to the Company. Energy purchases from the QFs outside the territory of the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering Firm Capacity and Energy to the Company.

For the purpose of this Schedule, the on-peak hours shall be those hours occurring April 1 through October 31, from noon to 9:00 p.m., and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time. FPL shall have the right to change such On-Peak Hours by providing the QF a minimum of thirty calendar days' advance written notice.

**BILLING OPTIONS**

A QF, upon entering into a Standard Offer Contract for the sale of firm capacity and energy or prior to delivery of as-available energy, may elect to make either simultaneous purchases from and sales to the Company, or net sales to the Company; provided, however, that no such arrangement shall cause the QF to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QF selling as-available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is lawfully terminated by either the QF or the Company; 3) when the QF is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or a contract between the QF and the Company.

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

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

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

**CHARGES TO QUALIFYING FACILITY**

The QF shall be responsible for all applicable charges as currently approved or as they may be approved by the Florida Public Service Commission, including, but not limited to:

**A. Customer Charges:**

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

( Continued on Sheet No. 10.206 )

(Continued from Sheet No. 10.205)

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

The QF shall bear the cost required for interconnection, including the metering. The QF shall have the option of (i) payment in full for the interconnection costs including the time value of money during the construction of the interconnection facilities and providing a surety bond, letter of credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than twelve (12) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for thirty (30) day highest grade commercial paper, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the QF.

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

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

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

<u>Equipment Type</u>		
<u>Charge</u>		
Metering Equipment	<del>0.232%</del>	0.225%
Distribution Equipment	<del>0.282%</del>	0.325%
Transmission Equipment	<del>0.146%</del>	0.122%

**D. Taxes and Assessments**

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's payments to the QF for capacity under options B, C, or D are not fully deductible when paid (additional tax liability), FPL may bill the QF monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due the QF hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire early, levelized or early levelized capacity payments had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.

**TERMS OF SERVICE**

- (1) It shall be the QF's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to a QF located in the Company's service area shall be subject to the following terms and conditions:
  - (a) A QF shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.
  - (b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:
    - (i) In the first year of operation, the security deposit should be based upon the singular month in which the QF's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QF. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
    - (ii) For each year thereafter, a review of the actual sales and purchases between the QF and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QF exceed the actual sales to the Company in that month.

(Continued on Sheet No. 10.207)



(Continued from Sheet No. 10.206)

- (c) The Company shall specify the point of interconnection and voltage level.
  - (d) The QF must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the QF or its interconnection to the Company's facilities may require modifications to this Interconnection Agreement or the safety and reliability standards contained therein.
- (3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

**SPECIAL PROVISIONS**

- (1) Special contracts deviating from the above standard rate schedule are allowable provided the Company agrees to them and they are approved by the Florida Public Service Commission.

(Continued on Sheet No. 10.208)

APPENDIX I  
 TO RATE SCHEDULE COG-2

CALCULATION OF VALUE OF DEFERRAL PAYMENTS

APPLICABILITY

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

Also contained in Appendix I is the discussion of the types and forms of surety bond requirements or equivalent assurance for payment of the Termination Fee acceptable to the Company in the event of contractual default by a QF.

CALCULATION OF VALUE OF DEFERRAL OPTION A

FPSC Rule 25-17.0832(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a QF pursuant to the Company's Standard Offer Contract shall be defined as the year-by-year value of deferral of the Company's Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring the Company's Avoided Unit one year, and shall be calculated as follows:

$$VAC_m = \frac{1}{12} [ KI_n \frac{(1-R)^L}{(1-R)^L} + O_n ]$$

Where, for a one year deferral:

- VAC<sub>m</sub> = utility's monthly value of avoided capacity and O & M, in dollars per kilowatt per month, for each month of year n;
- K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;
- R = (1 + ip) / (1 + r);
- I<sub>n</sub> = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Company's Avoided Unit which would have been paid had the Unit been constructed;
- O<sub>n</sub> = total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;
- i<sub>p</sub> = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);

(Continued on Sheet No. 10.209)

(Continued from Sheet No. 10.208)

- $i_0$  = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
- $r$  = annual discount rate, defined as the utility's incremental after-tax cost of capital;
- $L$  = expected life of the Company's Avoided Unit(s); and
- $n$  = year for which the Company's Avoided Unit(s) is (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of the Company's Standard Offer Contract.

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY-OPTION B**

Normally, payments for firm capacity shall not commence until the in-service date of the Company's Avoided Unit(s). At the option of the QF, however, the Company may begin making payments for early capacity consisting of the capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit starting as early as one year prior to the anticipated in-service date of the Company's Avoided Unit. When such payments for early capacity are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the Capacity Delivery Date of the QF, and shall be calculated as follows:

$$A_m = A_c \frac{(1 + ip)^{(m-1)}}{12} + A_o \frac{(1 + i_0)^{(m-1)}}{12} \text{ for } m = 1 \text{ to } t$$

Where:

- $A_m$  = monthly payments to be made to the QF for each month of the contract year  $n$ , in dollars per kilowatt per month in which QF delivers capacity pursuant to the early capacity option;
- $ip$  = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);
- $i_0$  = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
- $m$  = year for which the fixed value of deferral payments under the early capacity option are made to a QF, starting in year one and ending in the year  $t$ ;
- $t$  = the term, in years, of the Standard Offer Contract;

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

(Continued on Sheet No. 10.210)

(Continued from Sheet No. 10.209)

Where:

- F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s);
- R =  $(1 + ip) / (1 + r)$
- r = annual discount rate, defined as the Company's incremental after-tax cost of capital; and

$$A_o = G [(1 - R) / (1 - R^t)]$$

Where:

- G = The cumulative present value, in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s).
- R =  $(1 + io) / (1 + r)$

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

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - LEVELIZED AND EARLY LEVELIZED CAPACITY - OPTION C & OPTION D, RESPECTIVELY**

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

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

Where:

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

( Continued on Sheet No. 10.211 )

(Continued from Sheet No. 10.210)

**RISK-RELATED GUARANTEES**

With the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091, FPSC Rule 25-17.0832 paragraph (4)(e)10, F.A.C., require that, when fixed value of deferral payments - early capacity, levelized capacity, or early levelized capacity are elected, the QF must provide a surety bond or equivalent assurance of securing the payment of a Termination Fee in the event the QF is unable to meet the terms and conditions of its Standard Offer Contract. Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Standard Offer Contract, one of the following may constitute an equivalent assurance of payment:

- (1) Bond;
- (2) Cash deposit(s) with FPL ;
- (3) Unconditional, irrevocable, direct pay letter of credit;
- (4) Unsecured promise by a municipal, county or state government to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric customers of such government to assure that payments for early or levelized capacity are repaid;
- (5) Unsecured promise by a privately-owned QF to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from the owner(s) of the QF, parent company, and/or subsidiary companies allowing the Company to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that payments for early, levelized or early levelized capacity are repaid; or
- (6) Other guarantee acceptable to the Company.

The Company will cooperate with each QF applying for fixed value of deferral payments under the early, levelized or early levelized capacity options to determine the exact form of an "equivalent assurance" for payment of the Termination Fee to be required based on the particular aspects of the QF. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the QF and the Company's ratepayers.

APPENDIX II  
 TO RATE SCHEDULE COG-2  
 CAPACITY OPTION PARAMETERS

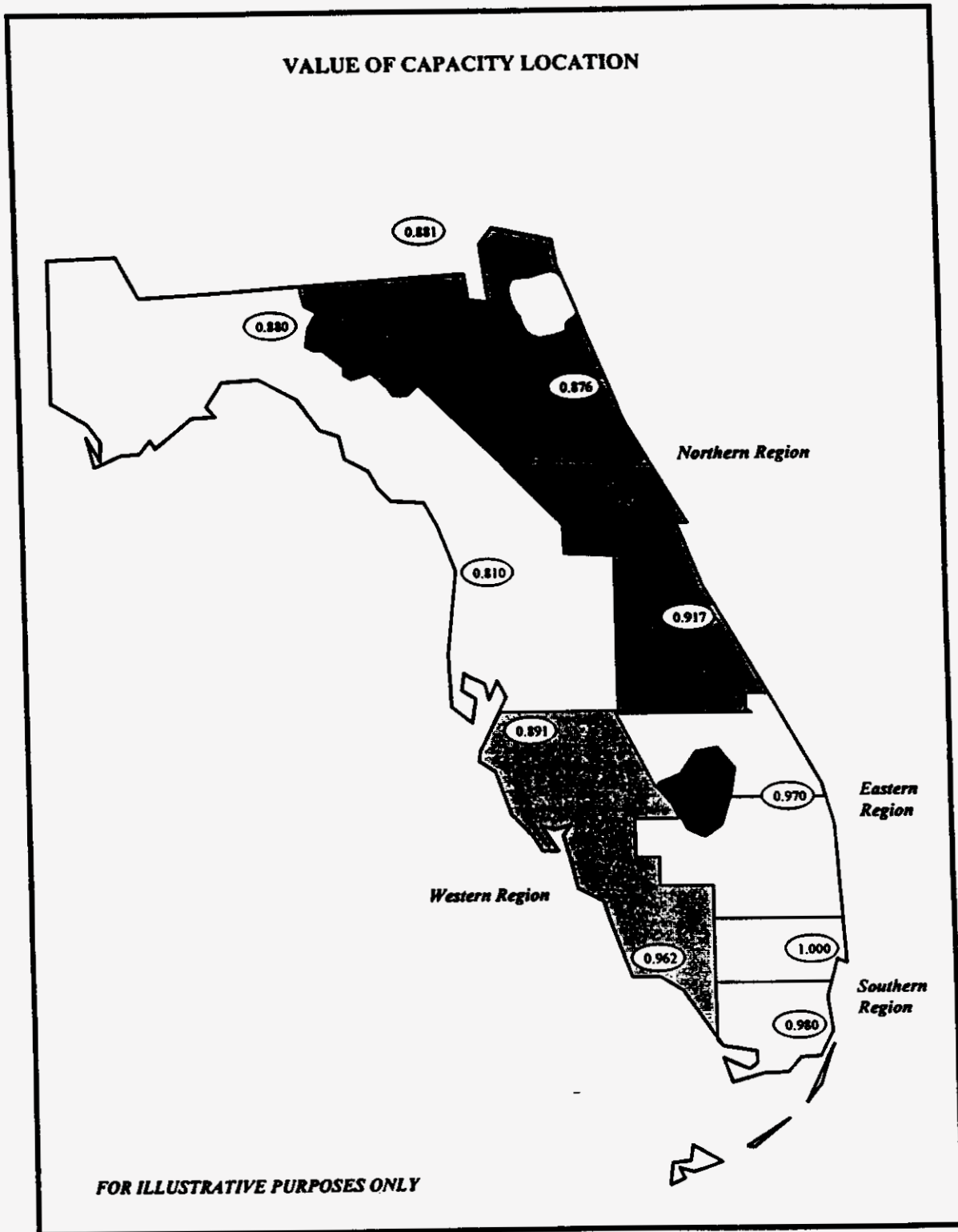
FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for a one year deferral:		Value
VAC <sub>m</sub>	= Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$2,693.32
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.5913 1.5933
I <sub>n</sub>	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n;	\$312.24 372.11
O <sub>n</sub>	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	\$3,061.40
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.2%
i <sub>o</sub>	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	<del>2.7%</del> 2.4%
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.78%
L	= expected life of the Company's Avoided Unit;	30
n	= year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	<del>2001</del> 2002

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A <sub>m</sub>	= monthly capacity payments to be made to the QF starting as early as <del>six months</del> <u>one year</u> prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month;	\$2,212.64
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.2%
i <sub>o</sub>	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	<del>2.7%</del> 2.4%
n	= year for which early capacity payments to a QF are to begin;	July, 2000 Jan 2001
F	= the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years;	\$145.47 161.06
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.78%
t	= the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing <u>one year</u> prior to the in-service date of the Company's Avoided Unit;	5-1/26
G	= the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years.	\$13,926.31

APPENDIX III TO RATE SCHEDULE COG - 2  
VALUE OF CAPACITY LOCATION



**APPENDIX B  
TO THE STANDARD OFFER CONTRACT  
FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY  
USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN  
CAPACITY OF 100 KW OR LESS, OR A SOLID WASTE FACILITY  
PAY FOR PERFORMANCE PROVISIONS MONTHLY CAPACITY PAYMENT CALCULATION**

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:
- A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 90%, then no Monthly Capacity Payment shall be due. That is:

$$MCP = 0$$

- B. In the event that the ACBF is equal to or greater than 90% but less than 98%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times [.05x (ACBF - 78)] \times CC$$

- C. In the event that the ACBF is equal to or greater than 98%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times CC$$

Where:

MCP = Monthly Capacity Payment in dollars.

BCP = Base Capacity Payment in \$k/W/Month as specified in FPL's Rate Schedule COG-2.

CC = Committed Capacity in kW.

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

MCF = Monthly Capacity Factor. The total Scheduled Energy received during the Monthly Billing Period for which the calculation is made, divided by the total Scheduled Energy requested during the Monthly Billing Period.

(Continued on Sheet No. 10.213.2)



(Continued from Sheet No. 10.213.1)

For purposes of calculating the Monthly Capacity Factor, hourly energy received shall not exceed the lesser of (i) the energy which could be produced by the Committed Capacity or (ii) the actual Scheduled Energy requested by FPL, during such hour. During any Monthly Billing Period where the number of Dispatch Hours equal zero (0), MCF shall equal 1.0.

- On-Peak Hours** = Those hours occurring April 1 through October 31, from noon to 9:00 p.m., and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time. FPL shall have the right to change such On-Peak Hours by providing the QF a minimum of thirty calendar days' advance written notice.
- Monthly Billing Period** = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Capacity Delivery Date and ending with the last calendar day of such month.

Scheduled Energy and Dispatch Hours are as defined in Section 8.4.7 of the Standard Offer Contract.

**APPENDIX C  
TO THE STANDARD OFFER CONTRACT  
TERMINATION FEE**

The Termination Fee shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be), computed according to the following formula:

$$\sum_{i=1}^n (MCP_i - MCPC_i) \times t^{(n-i)}$$

with:  $MCPC_i = 0$  for all periods prior to the in-service date of the Company's Avoided Unit;

where:

- $i$  = number of the Monthly Billing Period commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery Date occurs = 1; the month following the month in which Capacity Delivery Date occurs = 2; etc.)
- $n$  = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)
- $t$  = the future value of an amount factor necessary to compound a sum monthly so the annual percentage rate derived will equal FPL's incremental after-tax avoided cost of capital (defined as  $r$  in COG-2). For any Monthly Billing Period in which  $MCP_i$  is greater than  $MCPC_i$ ,  $t$  shall equal 1.
- $MCP_i$  = Monthly Capacity Payment paid to QF corresponding to the Monthly Billing Period  $i$ , calculated in accordance with Appendix B.
- $MCPC_i$  = Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period  $i$ , calculated in accordance with COG-2.

In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value equal to or greater than zero, the amount of the Termination Fee shall be increased by the amount of such value.

In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

- a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B is less than 90%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Termination Fee shall not be reduced for the applicable Monthly Billing Period.
- b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 90% but less than 98%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times [0.05 \times (\text{ACBF} - 78)]$$

For the applicable Monthly Billing Period, the Termination Fee shall be reduced by the amount of such Reduction Value.

- c. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 98%, then the Initial Reduction Value shall not be adjusted (Reduction Value = Initial Reduction Value), and the Termination Fee shall be reduced for the applicable Monthly Billing Period by the amount of the Initial Reduction Value.

In no event shall FPL be liable to the QF at any time for any amount by which the Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).

**APPENDIX D  
TO THE STANDARD OFFER CONTRACT  
DETAILED PROJECT INFORMATION**

Each eligible Contract received by FPL will be evaluated to determine if the underlying QF project is financially and technically viable. The QF shall, to the extent available, provide FPL with a detailed project proposal which addresses the information requested below.

**L FACILITY DESCRIPTION**

- Project Name
- Project Location
  - ◆ Street Address
  - Site Plot Plan
  - ◆ Legal Description of Site
  
- Generating Technology
- Facility Classification (Cogenerator or Small Power Producer)
- Primary Fuel
- Alternate Fuel (if applicable)
- Committed Capacity
- Expected In-Service Date
- Steam Host (for cogeneration facilities)
  - ◆ Street Address
  - ◆ Legal Description of Steam Host
  - Host's annual steam requirements (lbs/yr)
  
- Contact Person
  - Individual's Name and Title
  - ◆ Company Name
  - ◆ Address
  - ◆ Telephone Number
  - Telecopy Number

**II PROJECT PARTICIPANTS**

- Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:
  - Project Development
  - Siting and Licensing the Facility
  - ◆ Designing the Facility
  - ◆ Constructing the Facility
  - ◆ Securing the Fuel Supply
  - ◆ Operating the Facility
  
- Provide details on all electrical generation facilities which are currently under construction or operational which were developed by the QF.

(Continued on Sheet No. 10.213.5)

(Continued from Sheet No. 10.213.4)

- Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders, and the percentage of equity invested at financial closing.

**III. FUEL SUPPLY**

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (e.g., Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.
- Provide annual fuel requirements (AFR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel supply arrangements in place to meet the AFR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.

Category	Description of Fuel Supply Arrangement
owned =	fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm fuel contract exists between the developer(s) and fuel supplier(s)
LOI =	a letter of intent for fuel supply exists between developer(s) and fuel supplier(s)
SPP =	small power production facility will burn biomass, waste, or another renewable resource
spot =	fuel supply will be purchased on the spot market
none =	no firm fuel supply arrangement currently in place
other =	fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes delivery and, if so, to what location.
- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.
- Provide annual fuel transportation requirements (AFTR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFTR.

owned =	fuel transport via a fully developed system owned by one or more of the project participants
contract =	fully executed firm transportation contract exists between the developer(s) and fuel transporter(s)
LOI =	a letter of intent for fuel transport exists between developer(s) and fuel transporter(s)
Spot =	fuel transportation will be purchased on the spot market
none =	no firm fuel transportation arrangement currently in place
other =	fuel transportation arrangement which does not fit any of the above categories (please describe)

(Continued on Sheet No. 10.213.6)

(Continued from Sheet No. 10.213.5)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the transportation price mechanism of the arrangement.
- Provide the maximum, minimum, and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.

#### IV. PLANT DISPATCHABILITY/CONTROLLABILITY

- Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated.
  - Ramp Rate (MW/minute)
  - Peak Capability (% above Committed Capacity)
  - Minimum power level (% of Committed Capacity)
  - Facility Turnaround Time, Hot to Hot (hours)
  - Start-up Time from Cold Shutdown (hours)
  - Unit Cycling (# cycles/yr)
  - MW and MVAR Control (AGC, Manual, Other (please explain))

#### V. SITING AND LICENSING

- Provide a licensing/permitting milestone schedule which lists all permits, licenses and variances required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.
- Provide a licensing/permitting plan that addresses the issues of air emissions, water use, wastewater discharge, wetlands, endangered species, protected properties, solid waste, surrounding land use, zoning for the Facility, associated linear facilities, and support of and opposition to the Facility.
- List the emission/effluent discharge limits the Facility will meet, and describe in detail the pollution control equipment to be used to meet these limits.

#### VI. FACILITY DEVELOPMENT AND PERFORMANCE

- Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, EPC contractor, and Facility operator, steam host integration, and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.
- Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.

(Continued on Sheet No. 10.213.7)

(Continued from Sheet No. 10.213.6)

- Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.
- Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one line diagram for the Facility.
- State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75%, and 50%. In addition, attach a preliminary heat balance for the Facility.
- If the Facility will be a cogenerator under FPSC Rule 25-17.080, provide a detailed description of the power plant/steam host interrelationship. Indicate the host's annual steam requirements and the length of time the Facility can operate without the host. Calculate the Facility's expected PURPA operating standard and efficiency standard and list the assumptions used to make the calculations.

**VII. FINANCIAL**

- Provide FPL with assurances that the proposed QF project is financially viable in accordance with FPSC Rule 25-17.0832(4)(c) by attaching a detailed pro-forma cash flow analysis. The pro-forma must include, at a minimum, the following assumptions for each year of the project.

## ◆ Annual Project Revenues

- Capacity Payments (\$ and \$/kW/Mo)
- Variable O&M (\$ and \$/MWh)
- Energy (\$ and \$/MWh)
- Steam Revenues (\$ and %/lb.)
- Tipping Fees (\$ and \$/ton)
- Interest Income
- Other Revenues
- Variable O&M Escalation (%/yr)
- Energy Escalation (%/yr)
- Steam Escalation (%/yr)
- Tipping Fee Escalation (%/yr)

## ◆ Annual Project Expenses

- Fixed O&M (\$ and \$/kW/Mo)
- Variable O&M (\$ and \$/MWh)
- Energy (\$ and \$/MWh)
- Property Taxes (\$)
- Insurance (\$)
- Emission Compliance (\$ and \$/MWh)
- Depreciation (\$ and %/yr)
- Other Expenses (\$)
- Fixed O&M Escalation (%/yr)
- Variable O&M Escalation (%/yr)
- Energy Escalation (%/yr)

(Continued on Sheet No. 10.213.8)

(Continued from Sheet No. 10.213.7)

- Other Project Information
  - Installed Cost of the Facility (\$ and \$/kW)
  - Committed Capacity (kW)
  - Average Heat Rate - HHV (MBTU/kWh)
  - Federal Income Tax Rate (%)
  - Facility Capacity Factor (%)
  - Energy Sold to FPL (MWhs)
  
- Permanent Financing
  - Permanent Financing Term (yrs)
  - Project Capital Structure (percentage of long-term debt, subordinated debt, tax exempt debt, and equity)
  - Financing Costs (cost of long-term debt, subordinated debt, tax exempt debt, and equity)
  - Annual Interest Expense
  - Annual Debt Service (\$)
  - Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)
  
- Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.
  
- Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.