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July 28, 2000

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Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
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Tallahassee, Florida 32399-0850

HAND DELIVERY

000982-EI

RECORDS AND
REPORTING

00 JUL 28 AM 11:09

RECEIVED-FPSC

Re: In re: Petition of Florida Power & Light Company for Approval of Agreement to Buy Out Okeelanta Corporation and Osceola Farms, Co. Standard Offer Contracts

Dear Ms. Bayo:

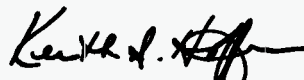
Enclosed herewith for filing in the above-referenced docket on behalf of Florida Power & Light Company ("FPL") are the following documents:

1. The original and fifteen copies of FPL's Petition; and
2. A disk in Word Perfect 6.0 containing a copy of the document.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.

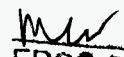
Thank you for your assistance with this filing.

Sincerely,


Kenneth A. Hoffman

KAH/rl
Enclosures

RECEIVED & FILED


FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

09122 JUL 28 8

FPSC-RECORDS/REPORTING

RUTLEDGE, ECENIA, PURNELL & HOFFMAN

Blanca S. Bayo, Director

Page 2

July 28, 2000

cc: Mr. Joe Jenkins, with copy of Petition
Mr. Tim Devlin, with copy of Petition
Ms. Connie Kummer, with copy of Petition
Robert Elias, Esq., with copy of Petition
Roger Howe, Deputy Public Counsel, with copy of Petition
Joseph A. McGlothlin, Esq., with copy of Petition
Mr. William G. Walker, III, with copy of Petition
Mr. Bill Feaster, with copy of Petition
Ms. Lynne Adams, with copy of Petition

FPL\Bayo.728

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power &)
& Light Company for Approval of)
Agreement to Buy Out Okeelanta)
Corporation and Osceola Farms, Co.)
Standard Offer Contracts)
_____)

Docket No. DD0982-E1

Filed: July 28, 2000

PETITION

Florida Power & Light Company ("FPL") requests approval of the Conditional Settlement Agreement and Release ("Agreement"), attached as Attachment A, which terminates the Standard Offer Contracts originally entered into between FPL and Okeelanta Corporation ("Okeelanta") and FPL and Osceola Farms, Co. ("Osceola"), and settles all claims by and/or against FPL as well as the pending judicial proceedings relating to the Okeelanta and Osceola Standard Offer Contracts. FPL further requests a finding in the Order approving the Agreement that FPL may recover payments made pursuant to Article III of the Agreement through FPL's Capacity Cost Recovery and Fuel and Purchased Power Cost Recovery Clauses. FPL requests that this Petition be addressed at the Commission's regularly scheduled Agenda Conference on August 29, 2000, through the Commission's Proposed Agency Action procedures as set forth in Rule 25-22.029, Florida Administrative Code, in order to comply with the time frames for approval of the Agreement (and exhaustion of applicable time periods to challenge a PAA order or to appeal) contemplated under Article IX of the Agreement.

All orders, notices and other correspondence concerning this docket should be sent to:

William G. Walker, III
Vice President
Regulatory Affairs
Florida Power & Light Co.
215 S. Monroe Street, Suite 810
Tallahassee, Florida 32301
(850) 224-7595

Kenneth A. Hoffman
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215 S. Monroe Street, Suite 420
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DOCUMENT NUMBER-DATE

09122 JUL 28 8

FPSC-RECORDS/REPORTING

In support of this Petition, FPL states:

1. FPL is an electric utility subject to the Commission's jurisdiction pursuant to Chapter 366, Florida Statutes. FPL maintains its general offices at 9250 West Flagler Street, Miami, Florida 33174.

2. This request is made pursuant to Section 366.051 Florida Statutes, and Rule 25-17.0832(8)(b), Florida Administrative Code. Section 366.051 authorizes the Commission to set the price at which electric utilities will buy energy and capacity from cogenerators, and is the statutory section relied on by the Commission in requiring FPL to enter into the Standard Offer Contracts with Okeelanta and Osceola. Rule 25-17.0832(8)(b) provides for cost recovery of payments made pursuant to a standard offer contract.

3. The Standard Offer Contracts at issue were submitted to FPL on September 20, 1991 by Okeelanta and Osceola, respectively. By Order dated March 11, 1992, the PSC approved the contracts and authorized recovery of FPL's payments made pursuant to the contracts. The Okeelanta Contract provides that Okeelanta would supply 70.0 MW (which could be adjusted pursuant to Section 5.2.2 of the Contract) of firm energy and capacity to FPL in accordance with the contract terms by January 1, 1997 and continuing through the year 2026. The Osceola Standard Offer Contract provides that Osceola would supply 42.0 MW (which could be adjusted pursuant to Section 5.2.2 of the Contract) of firm energy and capacity to FPL in accordance with the contract terms by January 1, 1997 and continuing through the year 2026. Copies of the Okeelanta and Osceola Standard Offer Contracts are attached hereto as Attachments B and C, respectively.

4. Pursuant to Order No. PSC-94-1267-FOF-EQ issued October 13, 1994, the Commission authorized Osceola's successor-in-interest, Osceola Power Limited Partnership

("Osceola Power L.P."), to assume the contractual duties and obligations reflected in a similar September 20, 1991 standard offer contract between FPL and KES Dade, L.P. ("KES"), whereby KES would sell 16.4 MW of firm capacity and energy to FPL; in that Order, the Commission also approved the reduction of the KES committed capacity from 16.4 MW to 10.0 MW. The Order approved the assignment and merger of the 10.0 MW of committed capacity into the Osceola Contract, thereby increasing the committed capacity of the Osceola Standard Offer Contract to 52.0 MW (which could be adjusted pursuant to Section 5.2.2 of the Contract), and authorized cost recovery of FPL's payments for the additional 10.0 MW and total 52.0 MW under Rule 25-17.0832(8)(a), Florida Administrative Code. Osceola subsequently notified FPL of its intent to exercise its right under Section 5.2.2 of the Osceola Standard Offer Contract to increase the committed capacity of the Osceola Facility to 55.9 MW.

5. The pricing for the Okeelanta and Osceola Standard Offer Contracts was established by the Commission in Order No. 24989, which was entered on August 29, 1991 in Docket No. 910004-EU. The pricing was reflective of the 1997 first stage of an FPL-specific avoided unit, which the Commission found to be a 907 MW coal gas-fired Integrated Gasification Combined Cycle unit. In Order No. 24989, the Commission approved FPL's proposed Standard Offer Contract and subscription, including capacity and energy payments made pursuant to the Standard Offer Contract's incorporated payment provisions. Rates, terms and conditions for FPL's Standard Offer Contract in Order No. 24989 are reflected in the Okeelanta and Osceola Standard Offer Contracts.

6. Okeelanta subsequently assigned its rights and obligations under the Okeelanta Contract to Okeelanta Power Limited Partnership ("Okeelanta Power L.P."). As previously stated, Osceola had assigned its rights and obligations under the Osceola Contract to Osceola Power L. P.,

who thereafter assigned its rights and obligations under the Osceola Contract to Gator Generating Company, Limited Partnership ("Gator").

7. The Okeelanta and Osceola generating facilities were financed by non-recourse Solid Waste Industrial Development Revenue ("IDR") bonds issued by Palm Beach County. In 1993, the County issued \$160 million of Solid Waste IDR bonds with the bond proceeds used to finance Okeelanta Power L.P.'s development and construction of the Okeelanta facility. In 1994, the County issued \$128.5 million in Solid Waste IDR bonds with the bond proceeds used for Gator's development and construction of the Osceola facility. Okeelanta Power L.P. and Gator were the borrowers under the respective issuances. The current holders of the bonds will be referred to herein as the "Bondholders."

8. A dispute arose between FPL and Okeelanta Power L.P. and between FPL, Osceola Power L.P. and Gator concerning whether the Okeelanta Facility and/or Osceola Facility accomplished commercial operation by January 1, 1997, as set forth in Section 2, paragraph 2 of the Standard Offer Contract, and the effect, if any, of a failure to do so on the parties' respective rights and obligations under the various provisions of the Contracts. On January 8, 1997, based on its position that the respective Facilities had not accomplished commercial operation by January 1, 1997, FPL filed a Complaint in the Circuit Court of the Fifteenth Judicial Circuit, in and for Palm Beach County, Florida, Case No. CL-97-00171-AF, seeking, inter alia, a declaratory judgment determining that FPL had no further or future obligations under the Okeelanta and Osceola Standard Offer Contracts.¹

¹The defendants in the state court action currently are Okeelanta Power L.P., Osceola Power L.P., Flo-Energy Corp., Glades Power Partnership, Gator, and Lake Power Leasing

9. Prior to filing an Answer to FPL's Complaint, all of the Partnerships (other than Lake Power) filed voluntary Chapter 11 petitions for bankruptcy in the United States Bankruptcy Court, Southern District of Florida (Case No. 97-32228-BKC-PGH and Adv. No. 97-0514-BKC-PGH-A) and a Suggestion of Bankruptcy in the state court proceedings to ensure implementation of the automatic stay in the state court action.

10. On FPL's motion, the bankruptcy court abstained from resolving the dispute and lifted the stay, thereby allowing FPL's state court action to proceed. By order of the Bankruptcy Court entered on December 12, 1997, certain of the Bondholders were granted authority to pursue, control, fund and manage, for and on behalf of the Partnerships, the state court action initiated by FPL. That order also provided that any settlement entered into by the Bondholders is subject to Bankruptcy Court approval.

11. Certain of the defendant Partnerships in the state court action filed counterclaims for breach of the Okeelanta and Osceola Standard Offer Contracts seeking damages, as well as two counts seeking treble damages for alleged violations by FPL (and others) of state antitrust and deceptive and unfair trade practices laws. FPL moved to dismiss, *inter alia*, the count in the defendant Partnerships' Amended Counterclaim seeking damages for alleged violations of the Federal Public Utility Regulatory Policies Act, and the two counts seeking treble damages. The Circuit Court granted FPL's Motion to Dismiss. The Court's order was affirmed by the Fourth District Court of Appeal in Okeelanta Power Limited Partnership v. Florida Power & Light Company, Inc., 25 Fla. L. Weekly D428 (Fla. 4th DCA, February 16, 2000). The remainder of the

Partnership, hereinafter referred to collectively as defendant "Partnerships."

state court action is pending.

12. Since the initiation of the declaratory judgment action in January, 1997, extensive discovery has been conducted by the parties to the litigation. As noted above, the Partnerships have filed counterclaims, which they have vigorously pursued, contending that they had met all requirements necessary to keep the Contracts in force, and that they have and can operate commercially. Following extensive negotiations and a court-ordered mediation, and in an effort to find a mutually acceptable resolution of their disputes, and eliminate the uncertainty and risk involved in continuing the litigation, FPL and certain of the Bondholders holding a vast majority of the face value of the bonds entered into the Agreement attached as Attachment A, which, subject to approval by the Commission and the Bankruptcy Court, will resolve all of the pending claims and disputes between the parties. Approval of this Agreement will not only resolve all of the pending disputes and claims, it will eliminate the risk and uncertainty of litigation, and will enable FPL to reduce the cost exposure of FPL customers under the Okeelanta and Osceola Standard Offer Contracts.

13. At the present time and as projected into the future, FPL can build, generate and/or purchase capacity and energy at prices well below the sum of capacity and energy payments set forth in the Okeelanta and Osceola Standard Offer Contracts. To achieve these savings, FPL and certain of the Bondholders, on behalf of themselves and the Partnerships, and the Trustee, have reached an agreement to resolve all pending claims and disputes pursuant to which FPL would pay the Settlement Amount which is at a significant discount compared with payments which could be earned under the Okeelanta and Osceola Standard Offer Contracts. The Agreement, if approved by the Commission, would result in reduced Capacity Cost Recovery and Fuel and Purchased Power

Cost Recovery Payments for FPL's customers over the term of the Okeelanta and Osceola Standard Offer Contracts compared with what the Partnerships assert would have been earned under those Contracts.

14. As reflected in the Agreement (Attachment A), FPL has agreed to pay \$222,500,000, with the proceeds being held by the Trustee of the Bondholders pending further order of the Bankruptcy Court. Under the Agreement, FPL's payment is conditioned upon each of the following:

(a) Florida Public Service Commission approval of (i) the settlement; and (ii) recovery of the settlement amount from FPL's customers.

(b) Bankruptcy Court approval of the settlement and Bankruptcy Court determination that FPL has no further liability or obligation related to the Okeelanta and Osceola Standard Offer Contracts or the Okeelanta and Osceola facilities other than consummation of the Agreement.

(c) FPL receiving from the Partnerships which own the Projects, on behalf of, inter alia, themselves, their partners and their respective affiliates, the signatory Bondholders, on behalf of themselves and their respective affiliates, and the Trustee, and any other person or entity defined to be included in the definition of "Other Parties" and "Parties" in the Agreement, a full release of all liability relating to the Okeelanta and Osceola Standard Offer Contracts and the Okeelanta and Osceola facilities.

15. Upon consummation of the Agreement, the Partnerships and FPL will file joint motions for voluntary dismissal with prejudice of the pending state court action and the Adversary Proceeding pending in Bankruptcy Court. Also, upon consummation of the Agreement, the Okeelanta and Osceola Standard Offer Contracts will terminate.

16. The approval of this Agreement will result in net present value savings of approximately \$395,668,598 to FPL customers relative to what they could have paid under the Okeelanta and Osceola Standard Offer Contracts. On a net present value basis as of January 1, 2001, the cost to replace the capacity and energy which Okeelanta and Osceola contracted to provide from January 1, 1997 through December 31, 2026 is \$474,692,979. When this sum is added to the settlement payment of \$222,500,000, the total of \$697,192,979 is \$395,688,598 less than the \$1,092,861,577 net present value of the energy and capacity payments that Okeelanta Power L.P. and Gator contend would have been earned under the Contracts over the same period. This savings is calculated utilizing the regulatory cost of capital of 8.40%.

17. In addition to saving FPL customers approximately \$395,688,598 on a net present value basis, the comprehensive Agreement FPL has entered into settles all remaining matters associated with the Okeelanta and Osceola Standard Offer Contracts, and absolves FPL of any and all contractual obligations with respect to the Okeelanta and Osceola Facilities. Indeed, as noted above, one effect of the Agreement, once consummated, is termination of the Okeelanta and Osceola Standard Offer Contracts.

18. Entering into the Agreement appended as Attachment A, which saves FPL's customers approximately \$395,688,598, is the most prudent, cost-effective course of action. Therefore, the Agreement should be approved, and a finding should be made that the payments under Article III of the Agreement are to be recovered by FPL through its Capacity Cost Recovery and Fuel and Purchase Power Cost Recovery Clauses. Payment of the amount is conditioned on Commission approval of the Agreement and a finding allowing cost recovery of the Article III amount through appropriate clauses. Absent the sought after approval and finding, FPL's customers

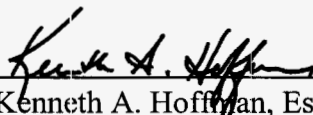
face the risk of significantly higher payments relating to the Okeelanta and Osceola Standard Offer Contracts, depending on the outcome of the litigation currently pending in state court.

19. An affidavit supporting the facts alleged in this Petition is appended to this Petition as Attachment D.

WHEREFORE, for the reasons stated above, FPL respectfully requests approval of the Agreement appended to this Petition as Attachment A and a finding in the Order approving the Agreement that FPL may recover from its customers, through its Capacity Cost Recovery and Fuel and Purchased Power Cost Recovery Clauses, all payments made by FPL pursuant to Article III of the Agreement. FPL requests that this Petition be addressed at the Commission's regularly scheduled Agenda Conference on August 29, 2000, through the Commission's Proposed Agency Action procedures as set forth in Rule 25-22.029, Florida Administrative Code, in order to comply with the time frames for approval of the Agreement (and exhaustion of applicable time periods to challenge a PAA order or to appeal) contemplated under Article IX of the Agreement.

DATED this 27th day of July, 2000.

Respectfully submitted,



Kenneth A. Hoffman, Esq.
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Tallahassee, FL 32302
(850) 681-6788 (Telephone)
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Attorneys for Florida Power & Light Company

F:\USERS\ROXANNE\FPL\petition

**CONDITIONAL SETTLEMENT AGREEMENT
AND RELEASE**

As an outgrowth, and within the purview, of a mediation conference conducted by stipulation in accordance with the rules of Chapter 44 of the Florida Statutes, this Conditional Settlement Agreement and Release (this "Agreement") is made and entered into as of July 17, 2000, by and among Florida Power & Light Company ("FPL"); certain holders of Bonds who are signatory parties hereto (collectively, the "Bondholders"); and SunTrust Bank, formerly known as SunTrust Bank, Central Florida, National Association, as indenture trustee (the "Trustee"); together with Jay M. Cohen (the "Mediator").

RECITALS

WHEREAS, Okeelanta Power Limited Partnership ("Okeelanta Power") and Gator Generating Company, Limited Partnership ("Gator" and, together with Okeelanta Power, the "Owners") are each a party to separate Standard Offer Contracts with FPL for the Purchase of Firm Capacity and Energy from a Qualifying Facility less than 75MW or a Solid Waste Facility, each dated as of September 20, 1991 (individually, the "Okeelanta Standard Offer Contract" and the "Osceola Standard Offer Contract" and together, the "Standard Offer Contracts"); and

WHEREAS, the Owners constructed two electric and steam generating facilities, one located approximately six miles south of South Bay in western Palm Beach County, Florida (the "Okeelanta Facility") and the other located near Pahokee in western Palm Beach County, Florida (the "Osceola Facility" and, together with the Okeelanta Facility, the "Facilities");

WHEREAS, in order to finance construction of the Facilities, the Owners and their affiliates caused to be issued those certain Palm Beach County, Florida Solid Waste Industrial Development Revenue Bonds (Okeelanta Power Limited Partnership Project), Series 1993A, issued in the original principal amount of \$160 million (the "Okeelanta Bonds") and those certain Palm Beach County, Florida Solid Waste Industrial Development Revenue Bonds (Osceola Power Limited Partnership Project), Exempt Facility Series 1994A and Taxable Series 1994B, issued in the collective original principal amount of \$128.5 million (the "Osceola Bonds" and, together with the Okeelanta Bonds, the "Bonds"); and

WHEREAS, the Bonds are secured by liens upon and security interests in substantially all of the property used in connection with the respective Facilities, including collateral assignment of the Standard Offer Contracts; and

WHEREAS, the Trustee is the indenture trustee for the Bonds; and

WHEREAS, disputes arose between FPL and the Owners; Flo-Energy Corporation ("Flo-Energy"); Osceola Power Limited Partnership ("Osceola Power"); Glades Power Partnership ("Glades Power" and, together with Gator, Okeelanta Power, Osceola Power and Flo-Energy, the "Debtors"); and Lake Power Leasing Partnership ("Lake Power" and, together with the Debtors, the "Defendants") relating to the Standard Offer Contracts and, on January 8, 1997, FPL filed an

action in the Circuit Court of the Fifteenth Judicial Circuit in and for Palm Beach County, Florida, against certain of the Defendants, later amended to include all Defendants, being Case No. CL-97-00171-AF (the "Action"); and

WHEREAS, on May 14, 1997, the Debtors commenced bankruptcy cases in the United States Bankruptcy Court for the Southern District of Florida, West Palm Beach Division, being administratively consolidated at Case No. 97-32338-BKC-PGH (the "Bankruptcy Cases") as well as an adversary proceeding against, inter alia, FPL, being Adversary Proceeding No. 97-0514 (the "Adversary Proceeding"); and

WHEREAS, by order entered December 12, 1997 in the Bankruptcy Cases, certain holders of the Bonds were granted the authority to pursue, control, fund, and manage the Action and claims arising under or with respect to, among other things, the Standard Offer Contracts; and

WHEREAS, acting under the authority of the Bankruptcy Court's order, the Bondholders have, since December 12, 1997, pursued, controlled, funded, and managed the Action for and on behalf of the Defendants, including the filing of counterclaims against FPL in the Action seeking monetary damages for, inter alia, alleged breach of the Standard Offer Contracts; and

WHEREAS, the Action is scheduled for trial before the Honorable Lucy Brown commencing on September 5, 2000; and

WHEREAS, the Term Sheet approved by the Bankruptcy Court on December 12, 1997, provides, at page 10, that the Bondholders may enter into any settlement agreement or other arrangement relating to the Action, and the Debtors shall have no right of approval with respect to any such settlement, subject to certain conditions, including, inter alia, approval of any settlement by the Bankruptcy Court; and

WHEREAS, FPL, the Bondholders, on behalf of themselves and the Defendants, and the Trustee wish to resolve their differences and disputes, including the Action and the Adversary Proceeding, pursuant to the terms and subject to the conditions set forth below;

NOW, WHEREFORE, for good and valuable consideration, including the premises and undertakings recited herein, receipt and sufficiency of which are hereby acknowledged, subject to the conditions herein set forth, FPL, the Bondholders on behalf of themselves and the Defendants, and the Trustee have agreed and do hereby covenant as follows.

Article I

Definitions

In addition to the terms otherwise defined herein, as used herein, the following terms shall have the following meanings:

1.01 "Bankruptcy Court" shall mean the United States Bankruptcy Court for the Southern District of Florida or any other court having jurisdiction with respect to the Debtors' Bankruptcy Cases.

1.02 "Bankruptcy Court Approval" shall mean, unless otherwise agreed to by counsel to the Bondholders, the Trustee, and FPL (collectively, "Counsel to the Settlers"), the entry by the Bankruptcy Court of an unqualified final order as to which no appeal is pending, and which is no longer appealable, in form and substance satisfactory to each of FPL, the Bondholders, and the Trustee, which: (i) approves the terms and conditions of this Agreement and the compromise and settlement contemplated herein pursuant to Bankruptcy Rule 9019, 11 U.S.C. § 105, or any other applicable Bankruptcy Rule or statute; (ii) provides that the order shall bind the Defendants and any trustee appointed or to be appointed for the estates of the Debtors, including in the Bankruptcy Cases or in the event of the conversion of the chapter 11 cases to a liquidation under chapter 7 of the Bankruptcy Code; (iii) dismisses the Adversary Proceeding with prejudice, all parties to bear their own costs and fees; (iv) authorizes the Trustee to hold and invest the Settlement Amount pending further order of the Bankruptcy Court; and (v) directs the Defendants to (a) agree to be bound by the terms and obligations of this Agreement; and (b) execute and deliver the Other Party Releases and the joint escrow instructions referred to in Sections 3.01 and 3.02 of this Agreement upon satisfaction of the Closing Conditions.

1.03 "Closing Conditions" shall mean the conditions as set forth in Article VIII.

1.04 "Closing Date" shall mean the date five (5) business days after the date on which the Closing Conditions have been satisfied or waived in accordance with this Agreement.

1.05 "Escrow Agent" shall mean First Union National Bank of Florida, a national bank with offices at One Southeast Financial Center, Miami, Florida 33131.

1.06 "FPL Claims" shall mean each and every right, claim or cause of action at law or in equity, which arose as of or prior to the Closing Date, asserted or which could be or could have been asserted currently or at any future time by FPL against the Other Parties, including claims arising under federal law, state law, common law or any other potentially applicable law or legal theory, whether or not formerly or currently asserted or assertable by complaint, affirmative defense, counterclaim or otherwise, in the Action, the Adversary Proceeding, or otherwise, relating to or arising out of or in any manner connected with, directly or indirectly, (i) the Facilities; (ii) the Standard Offer Contracts; and (iii) any fees or expenses incurred in the Action or the Adversary Proceeding by FPL.

1.07 "FPL Release" shall mean that certain Release to be delivered by FPL to the Other Parties, in the form attached hereto as Exhibit A.

1.08 "Okeelanta Escrows" shall mean the accounts established and maintained by the Escrow Agent, in which the completion escrow (\$875,000) and the performance escrow (\$875,000) deposits under the Okeelanta Standard Offer Contract were placed and are held.

1.09 "Osceola Escrows" shall mean the accounts established and maintained by the Escrow Agent, in which the completion escrow (\$650,000) and the performance escrow (\$650,000) deposits under the Osceola Standard Offer Contract were placed and are held.

1.10 "Other Parties" shall mean the Bondholders, the Trustee, and the Defendants.

1.11 "Other Party Claims" shall mean each and every right, claim or cause of action at law or in equity, which arose as of or prior to the Closing Date, asserted or which could be or could have been asserted currently or at any future time by any of the Other Parties against FPL, including claims arising under federal law, state law, common law or any other potentially applicable law or legal theory, whether or not formerly or currently asserted or assertable by complaint, affirmative defense, counterclaim or otherwise, in the Action, the Adversary Proceeding, or otherwise, relating to or arising out of or in any manner connected with, directly or indirectly, (i) the Facilities; (ii) the Standard Offer Contracts; or (iii) any fees or expenses incurred in the Action or the Adversary Proceeding by any of the Other Parties.

1.12 "Other Party Releases" shall mean those certain Releases to be delivered by the Other Parties to FPL, each in the form attached hereto as Exhibit B.

1.13 "Party" or "Parties" shall, in each case, mean the Defendants and each of the Parties identified in the first paragraph of this Agreement and include each of their respective present, former and future partners, directors, managing directors, officers, employees, agents, servants, consultants, attorneys, representatives, accountants, bankers, insurers, administrators, parents, subsidiaries, divisions, subcontractors, affiliates, predecessors, successors and assigns and all other persons or entities acting on behalf of or at the direction or control of each Party or any present, former or future partner of each Party.

1.14 "PSC" shall mean the Public Service Commission for the State of Florida.

1.15 "PSC Approval" shall mean the unqualified final determination of the PSC as to which no appeal is pending and which is no longer appealable, in form and substance acceptable to FPL, that the terms and conditions of this Agreement are an appropriate buy-out of the Standard Offer Contracts and authorizing FPL to recover the Settlement Amount from its customers through FPL's Capacity Cost Recovery and Fuel and Purchased Power Cost Recovery Clauses.

Article II

Representations and Warranties

2.01 Each of FPL, the Bondholders, and the Trustee represents and warrants that it has full power and authority (subject to Bankruptcy Court Approval in the case of the Bondholders and the Trustee) and has taken, or will take, all actions necessary to execute, deliver and perform this Agreement and to consummate all of the transactions contemplated hereunder.

2.02 Each of FPL, the Bondholders, and the Trustee acknowledges that it has entered into this Agreement of its own free will, based upon its independent business judgment and without any reliance on any representations of or inducements from any other signatory, except as specifically set forth herein.

2.03 Each of the representations and warranties set forth in this Article shall survive the Closing Date.

Article III

Payment, Acceptance of Consideration, Undertakings

3.01 On the Closing Date, FPL will: (a) transfer to the Trustee in accordance with the Bankruptcy Court Approval, \$222,500,000 (the "Settlement Amount") in accordance with the wire transfer instructions attached hereto as Exhibit C; (b) deliver to the Trustee, the FPL Release; (c) with Okeelanta Power, Gator and Osceola Power, deliver to the Escrow Agent, joint written instructions, in the form attached hereto as Exhibits D through G, respectively, directing payment to the Trustee of the Escrowed Property and Accrued Amounts (each as defined in the escrow agreement) held by the Escrow Agent in each of the Okeelanta Escrows and the Osceola Escrows; (d) execute and deliver with the Defendants for filing in the court before which the Action is pending a joint stipulation of dismissal of the Action in the form attached hereto as Exhibit H, and all claims or counterclaims asserted therein, with prejudice and with each party to bear its own costs and fees; and (e) deliver such further receipts, acknowledgments, disclaimers or undertakings as are reasonably requested by the Bondholders' counsel and the Trustee's counsel.

3.02 On the Closing Date, the appropriate Other Parties will: (a) deliver to FPL the Other Party Releases; (b) execute and deliver with FPL for filing in the court before whom the Action is pending a joint stipulation of dismissal of the Action in the form attached hereto as Exhibit H, and all claims or counterclaims asserted therein, with prejudice and with each party to bear its own costs and fees; (c) with FPL, deliver to the Escrow Agent, joint written instructions, in the form attached hereto as Exhibits D through G, respectively, directing payment to the Trustee of the Escrowed Property and Accrued Amounts (each as defined in the escrow agreement) held by the Escrow Agent in each of the Okeelanta Escrows and the Osceola Escrows; and (d) deliver such further receipts, acknowledgments, disclaimers or undertakings as are reasonably requested by FPL.

3.03 On the Closing Date, FPL agrees to accept the Other Party Releases in full satisfaction, accord and release of the Standard Offer Contracts and of the FPL Claims.

3.04 On the Closing Date, the Other Parties agree to accept the Settlement Amount and the FPL Release in full satisfaction, accord and release of the Standard Offer Contracts and of the Other Party Claims.

3.05 This Agreement is in respect of termination of the Standard Offer Contracts. Upon receipt of the Settlement Amount and the exchange of the FPL Release and the Other Party Releases, the Trustee's liens upon and security interests in substantially all of the property used in connection with the Facilities, including the Standard Offer Contracts, shall also attach to the Settlement Amount with the same effect as to validity, perfection and priority as such liens upon and security interests in the Standard Offer Contracts; provided, however, that FPL has no obligations with respect to the lien and security interest attachment provided hereby.

3.06 Upon receipt of the Settlement Amount and exchange of the FPL Releases and the Other Party Releases, each Standard Offer Contract shall terminate and be null and void.

3.07 Except as otherwise specifically provided in Section 3.05 above, each of the conditions set forth in Article III shall be satisfied concurrently.

Article IV

Settlement Amount

4.01 The Trustee shall hold and invest the Settlement Amount and the proceeds of the Osceola Escrow and the Okeelanta Escrow for the benefit of the Bondholders, the Debtors, and their estates, pursuant to further order of the Bankruptcy Court, including any order of distribution pursuant to a plan or plans of reorganization confirmed by the Bankruptcy Court. Unless otherwise provided in an order of the Bankruptcy Court (which order has not been stayed, modified or vacated), the Trustee shall establish two escrow accounts, one in the trust estate for the Osceola Bonds and the other in the trust estate for the Okeelanta Bonds, and shall deposit 44.541% of the Settlement Amount, the Osceola Escrow, and any other funds received under this Agreement in respect to Osceola in the escrow account for the Osceola Bonds and 55.459% of the Settlement Amount, the Okeelanta Escrow, and any other funds received under this Agreement in respect to Okeelanta in the escrow account for the Okeelanta Bonds. The Trustee shall invest the Settlement Amount consistent with the requirements of the applicable indentures. Notwithstanding anything herein to the contrary, the Trustee's duties with regard to the Settlement Amount, the Osceola Escrow, the Okeelanta Escrow, and any other funds received under this Agreement and the investment of the same shall be limited to such specific duties as are set forth in this Agreement and in any order of the Bankruptcy Court approving or governing the Settlement Amount, the Osceola Escrow, the Okeelanta Escrow, and any other funds received under this Agreement; provided, however, that the Trustee shall not be required to invest the Settlement Amount, the Osceola Escrow, the Okeelanta Escrow, and any other funds received under this Agreement in a manner inconsistent with the requirements of the applicable indentures. Without limiting the generality of the foregoing, the Trustee shall not be liable for payment of any interest or income on the Settlement Amount, the Osceola Escrow, or the Okeelanta Escrow over and above the net interest actually earned on the Settlement Amount, the Osceola Escrow, or the Okeelanta Escrow, or any other funds received under this Agreement as invested pursuant to the terms of this Agreement and any order of the Bankruptcy Court approving or governing the Settlement Amount, the Osceola Escrow, or the Okeelanta Escrow. The Trustee shall not be liable for losses of any kind relating to the Settlement Amount, the Osceola Escrow, the Okeelanta Escrow, or any other funds received under this Agreement except as the same may arise from the Trustee's gross negligence or willful misconduct. FPL has no obligations with respect to the receipt, allocation, or investment of the Settlement Amount, the Osceola Escrow, the Okeelanta Escrow, or any other funds received under this Agreement once paid pursuant to Section 3.01 of this Agreement.

Article V

No Admissions

5.01 FPL continues to assert that the FPL Claims are good, valid and enforceable and that FPL has valid and meritorious defenses to the Other Party Claims. FPL denies that it is liable to any of the Other Parties in respect of any of the Other Party Claims. FPL, the

Bondholders, the Trustee, and Counsel for the Defendants agree that neither this Agreement nor any of the pleadings, submissions, instruments or other documents or testimony relating hereto or prior or future proceedings relating hereto (other than in the Action), whether before the PSC, the Bankruptcy Court, or any other court or tribunal, shall be admissible in the Action, the Adversary Proceeding, or any other action or proceeding (except for any action or proceeding solely to effectuate the terms of this Agreement) or constitute or be construed as an admission by FPL of any invalidity, liability or wrongdoing with respect to the FPL Claims or any lack of merit with respect to its defenses to the Other Party Claims. FPL, the Bondholders, the Trustee, and Counsel for the Defendants agree that this Section 5.01 survives in the event that this Agreement terminates, or becomes null, void, or unenforceable for any reason.

5.02 The Bondholders and the Trustee, on behalf of themselves and the Other Parties continue to assert that the Other Party Claims are good, valid and enforceable and that they have valid and meritorious defenses to the FPL Claims. The Bondholders and the Trustee, on behalf of themselves and the Other Parties deny that FPL is entitled to a declaratory judgment in the Action or that they are liable to FPL in respect of any of the FPL Claims. FPL, the Bondholders, the Trustee, and Counsel for the Defendants agree that neither this Agreement nor any of the pleadings, submissions, instruments or other documents or testimony relating hereto or prior or future proceedings relating hereto (other than in the Action), whether before the PSC, the Bankruptcy Court, or any other court or tribunal, shall be admissible in the Action, the Adversary Proceeding, or any other action or proceeding (except for any action or proceeding solely to effectuate the terms of this Agreement) or constitute or be construed as an admission by the Bondholders and the Trustee, on behalf of themselves and the Other Parties of any invalidity, liability or wrongdoing with respect to the Other Party Claims or any lack of merit with respect to their defenses to the FPL Claims. FPL, the Bondholders, the Trustee, and Counsel for the Defendants agree that this Section 5.02 survives in the event that this Agreement terminates, or becomes null, void, or unenforceable for any reason.

Article VI

The Action

6.01 Upon execution and delivery of this Agreement by and to FPL, the Bondholders, the Trustee, and Counsel for the Defendants, FPL and Counsel for the Defendants will jointly notify the Honorable Lucy Brown of the existence of this Agreement and its conditional nature. FPL and Counsel for the Defendants will jointly move Judge Brown to re-set the trial of the Action for the second quarter of 2001 (or later if her calendar so requires) and to suspend, instanter, all pending motions, hearings, or pretrial preparations (including, without limitation, the Fourth Amendment to Stipulated Pretrial Order). No earlier than four (4) months before the re-set trial date, if the Closing Conditions have not yet been satisfied, FPL or Counsel for the Defendants may move Judge Brown for a new Stipulated Pretrial Order. Prior to such motion for a new Stipulated Pretrial Order, FPL, the Bondholders, and the Trustee will use their good faith reasonable best efforts to seek satisfaction of the Closing Conditions.

Article VII

Cooperation

7.01 From and after the date of execution of this Agreement, each of FPL, the Bondholders, the Trustee, Counsel for the Defendants, and Counsel to the Settlers agrees to cooperate reasonably with each other to assure to all the Parties the intended benefits of this Agreement, including the execution of documents and any appearance and/or testimony before or submission to the PSC and/or the Bankruptcy Court, to the extent necessary or desirable.

Article VIII

Conditions Precedent to Closing

8.01 The actions contemplated by Article III are conditioned upon the satisfaction or waiver of the following conditions:

- (i) the execution and delivery of this Agreement by each of FPL, the Bondholders, the Trustee, and Counsel for the Defendants;
- (ii) the Bankruptcy Court Approval; and
- (iii) the PSC Approval.

Article IX

Termination

9.01 Unless otherwise agreed to by Counsel to the Settlers in writing, on the one hundred and twentieth (120th) day before the re-set trial date, this Agreement is terminated. If terminated, no Party shall have any liability relating to this Agreement. Notwithstanding the foregoing, FPL, the Bondholders, the Trustee, and Counsel for the Defendants agree that the terms, provisions, rights, and obligations of Sections 5.01, 5.02, and 6.01 survive in the event that this Agreement terminates, or becomes null, void, invalid, or unenforceable for any reason.

Article X

Miscellaneous

10.01 This Agreement contains the entire agreement of FPL, the Bondholders, the Trustee, Counsel for the Defendants, and Counsel to the Settlers with respect to these matters and may not be modified in any way except in a writing executed by the authorized representative of each of FPL, the Bondholders, the Trustee, Counsel for the Defendants, and Counsel to the Settlers; provided, however, that performance of any obligation hereunder may be waived in writing by the party to whom such performance is owed.

10.02 This Agreement shall bind and be effective as to each signatory, and its respective successors and assigns.

10.03 The use in this Agreement of section headings is for the convenience of reference only. Such headings are not and shall not be considered to be part of this Agreement

nor shall such headings control the construction and interpretation of the terms and conditions hereof.

10.04 The individual signatories to this Agreement represent that they have been duly authorized to execute this Agreement on behalf of the Parties they purport to represent herein, that this Agreement is not in violation of law or any governing documents, and that no other action (other than Bankruptcy Court Approval in the case of the Bondholders and the Trustee) is necessary to bind such Party hereto.

10.05 This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Florida.

10.06 Any notice required or permitted to be given hereunder shall be effective on the day the same is deposited in the United States mail, postage prepaid, addressed as follows:

If to FPL:

Boies Schiller & Flexner LLP
390 N. Orange Avenue
Suite 1890
Orlando, FL 32801
Attn: Gary K. Harris, Esq.

If to the Bondholders:

McDermott, Will & Emery
227 W. Monroe Street
Suite 3100
Chicago, IL 60606-5096
Attn: William P. Smith, Esq.

If to Counsel for the Defendants:

Bedell, Dittmar, DeVault, Pillans & Coxe, P.A.
101 East Adams Street
Jacksonville, FL 32202
Attn: John A. DeVault, III, Esq.

If to the Trustee:

SunTrust Bank, formerly known as SunTrust
Bank, Central Florida, National Association, as trustee
225 East Robinson Street
Suite 250
Orlando, FL 32801
Attn: Mr. M. Bruce Daiger

with a copy to:

Nabors, Giblin & Nickerson, P.A.
201 South Orange Ave., Suite 1060
Orlando, FL 32801
Attn: Erik P. Kimball, Esq.

10.07 This Agreement may be executed in one or more counterparts and by facsimile, each of which shall be deemed for all purposes to be one Agreement.

10.08 None of the recitations, terms or provisions herein shall bind, or inure to the benefit of, any entity other than the signatories.

10.09 The Bondholders who are parties hereto authorize and direct the Trustee to execute, deliver, and perform this Agreement.

[intentionally left blank – signature pages follow]

IN WITNESS WHEREOF, the signatories have caused this Agreement to be executed as of the date first set forth above.

FLORIDA POWER & LIGHT COMPANY

By: 
Name: Edward F. Tancer
Its: Assistant Secretary

**BOIES, SCHILLER & FLEXNER LLP,
as counsel to
FLORIDA POWER & LIGHT COMPANY**

By: _____
Name: _____
Its: _____

FLORIDA POWER & LIGHT COMPANY

By: _____

Name: _____

Its: _____

**BOIES, SCHILLER & FLEXNER LLP,
as counsel to
FLORIDA POWER & LIGHT COMPANY**

By: *Gary K. Harris*

Name: GARY K. HARRIS

Its: PARTNER

8312 984 7700

NW E CHICAGO


07/18/00 10:13 P.002/009

07/17/00 MON 10:50 FAX

M W & E 54

002

BEDELL, DITTMAR, DeVAULT, PILLANS & COXE, P.A.,
as Counsel for the Defendants

By: 
Name: _____
Its: _____

BONDHOLDER STEERING COMMITTEE:

Each of Dreyfus Premier Municipal Bond Fund and Dreyfus Premier Municipal Bond Fund-Florida Series is organized as a Business Trust under the laws of the Commonwealth of Massachusetts (each, the "Trust") and a copy of the Declaration of Trust of each Trust is on file with the Secretary of State of The Commonwealth of Massachusetts. Each of the other parties to this Agreement acknowledge that the obligations of or arising out of this instrument are not binding upon any of the Trust's trustees, officers, employees, agents or shareholders individually, but are binding solely upon the assets and property of the Trust in accordance with its proportionate interest hereunder. If this instrument is executed by the Trust on behalf of one or more series or portfolio of the Trust, you further acknowledge that the assets and liabilities of each series or portfolio for the Trust are separate and distinct and that the obligations of or arising out of this instrument are binding solely upon the assets or property of the series or portfolio on whose behalf the Trust has executed this instrument. If the Trust has executed this instrument on behalf of more than one series or portfolio of the Trust, you also agree that the obligations of each series or portfolio hereunder shall be several and not joint, in accordance with its proportionate interest hereunder, and you agree not to proceed against any series or portfolio for the obligations of another series or portfolio.

- DREYFUS STRATEGIC MUNICIPALS, INC.**
- DREYFUS MUNICIPAL BOND FUND, INC.**
- DREYFUS STRATEGIC MUNICIPAL BOND FUND, INC.**
- DREYFUS INTERMEDIATE MUNICIPAL BOND FUND, INC.**
- DREYFUS PREMIER STATE MUNICIPAL BOND FUND-FLORIDA SERIES**
- DREYFUS PREMIER MUNICIPAL BOND FUND**
- DREYFUS MUNICIPAL INCOME, INC.**
- DREYFUS BASIC MUNICIPAL BOND FUND, INC.**
- GENERAL MUNICIPAL BOND FUND, INC.**

By: *Samuel Weinstein*
Name:
Its:

-12-14

0312 984 7700

NV E CHICAGO

07/18/00 10:13 P.004/009

FRANKLIN HIGH YIELD TAX-FREE INCOME FUND
FRANKLIN FEDERAL INTERMEDIATE TAX-FREE INCOME FUND
FRANKLIN FLORIDA TAX-FREE INCOME FUND

By: *R. Kuersteiner*
Name: *Richard L. Kuersteiner*
Its: *Assistant Vice President*

0312 984 7700

NW E CHICAGO

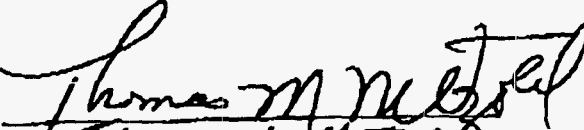
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JUL-17-2000 11:41


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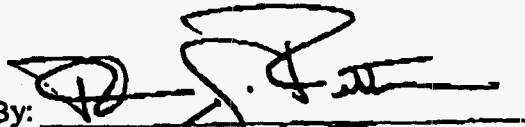
HIGH YIELD MUNICIPALS PORTFOLIO

By: 
Name: THOMAS M. METZGER
Its: Vice President

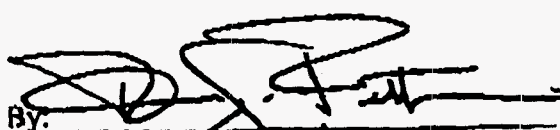
FLORIDA MUNICIPALS PORTFOLIO

By: 
Name: Thomas J. Fetten
Its: Per

**FLORIDA LIMITED MATURITY
MUNICIPALS PORTFOLIO**

By: 
Name: Thomas J. Fetten
Its: Per

**NATIONAL LIMITED MATURITY
MUNICIPALS PORTFOLIO**

By: 
Name: Thomas J. Fetten
Its: Per

0312 984 7700

NW E CHICAGO

07/18/00 10:14 P.006/009

GOLDMAN SACHS & CO.


By: Frank J. ...
Name: Frank J. ...
Its: Managing Director

8312 984 7700

NW E CHICAGO

07/18/00 10:14 P.007/009

**McDERMOTT, WILL & EMERY, as counsel
to the Bondholder Steering Committee**

By: 
Name: WILLIAM P. SMITH
Its: partner

-17-18

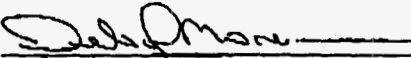
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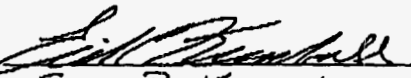
07/18/00 10:14 P.008/009

TRUSTEE:

**SUN TRUST BANK, formerly known
as Sun Trust Bank, Central Florida,
National Association, as trustee**

By: 
Name: Deborah Maryra
Its: F.V.P.

**NABORS, GIBLIN & NICKERSON,^{P.A.} as counsel
to the Okeelanta Trustee and the Osceola Trustee**

By: 
Name: Erik P. Kimball
Its: Sharchilds

8312 984 7700

NW E CHICAGO

07/18/00 10:14 P.009/009

MEDIATOR:

A handwritten signature in black ink, appearing to read 'Jay M. Cohen', is written over a circular stamp. The signature is fluid and cursive, extending to the right with a long horizontal stroke.

Jay M. Cohen, as Mediator

RELEASE

Release

Florida Power & Light Company ("FPL"), for itself and each of its respective present, former and future partners, directors, managing directors, officers, employees, agents, servants, consultants, attorneys, representatives, accountants, bankers, insurers, administrators, parents, subsidiaries, divisions, subcontractors, affiliates, predecessors, successors and assigns and all other persons or entities acting on their respective behalf or at their respective direction or control (collectively, the "RELEASING PARTIES"), in consideration of the agreements and undertakings by the Released Parties (as defined below) as set forth in that certain Conditional Settlement Agreement and Release (the "Agreement") (terms used herein and not otherwise defined herein having the meaning assigned thereto in the Agreement) and other good and sufficient consideration, receipt of which is hereby acknowledged, hereby fully, unconditionally, finally and irrevocably release, relinquish and discharge each of the Other Parties, and each of their respective present, former and future directors, partners, managing directors, officers, employees, agents, servants, consultants, attorneys, representatives, accountants, bankers, insurers, administrators, parents, subsidiaries, divisions, subcontractors, affiliates, predecessors, successors and assigns and all other persons or entities acting on their respective behalf or at their respective direction or control (collectively, the "RELEASED PARTY") from any liabilities arising out of, upon, or by reason of or in any way relating to the following (the "Release Subject Matter"): each and every right, claim or cause of action at law or in equity which arose as of or prior to the Closing Date asserted or which could be or could have been asserted currently or at any future time by FPL or any affiliates of FPL against the Other Parties, including claims arising under federal law, state law, common law or any other potentially applicable law or legal theory, whether or not formerly or currently asserted or assertable by complaint, affirmative defense, counterclaim or otherwise, in the Action, the Adversary Proceeding, or otherwise,

relating to or arising out of or in any manner connected with, directly or indirectly, (i) the Facilities; (ii) the Standard Offer Contracts; or (iii) any fees or expenses incurred in the Action or in the Adversary Proceeding by FPL.

Representation

The parties hereto represent and warrant that they have the authority to execute, deliver, and be bound by this Release and that the signatories to this Release have been duly authorized to execute this Release on behalf of all Releasing Parties and further that as of the date hereof no matter released hereunder, has been assigned, transferred or conveyed to any other person or entity.

Counterparts Permitted

This instrument may be executed in one or more counterparts and by facsimile, each of which counterparts shall be deemed an original hereof, but all of which together shall constitute one instrument.

Choice of Law

This instrument shall be governed by Florida law, without reference to the choice of law provisions thereof.

Dated: _____, 2000

FLORIDA POWER & LIGHT COMPANY

By: _____
Name: _____
Its: _____

STATE OF _____)
) SS:
COUNTY OF _____)

On _____, 2000, before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of FLORIDA POWER & LIGHT COMPANY, the entity described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of FLORIDA POWER & LIGHT COMPANY.

Notary Public

RELEASE

Release

Okeelanta Power Limited Partnership ("Okeelanta Power"); Gator Generating Company, Limited Partnership ("Gator" and, together with Okeelanta Power, the "Owners"); Flo-Energy Corporation ("Flo-Energy"); Osceola Power Limited Partnership ("Osceola Power"); Glades Power Partnership ("Glades Power" and, together with Gator, Okeelanta Power, Osceola Power and Flo-Energy, the "Debtors"); Lake Power Leasing Partnership ("Lake Power" and, together with the Debtors, the "Defendants"); certain holders of Bonds signatory parties hereto (collectively, the "Bondholders"); and SunTrust Bank, Central Florida, National Association, as Trustee (the "Trustee") for themselves and each of their respective present, former and future partners, directors, managing directors, officers, employees, agents, servants, consultants, attorneys, representatives, accountants, bankers, insurers, administrators, parents, subsidiaries, divisions, subcontractors, affiliates, predecessors, successors and assigns and all other persons or entities acting on their respective behalf or at their respective direction or control (collectively, the "RELEASING PARTIES"), in consideration of the agreements and undertakings by the Released Parties (as defined below) as set forth in that certain Conditional Settlement Agreement and Release (the "Agreement") (capitalized terms used herein and not otherwise defined herein having the meaning assigned thereto in the Agreement) and other good and sufficient consideration, receipt of which is hereby acknowledged, hereby fully, unconditionally, finally and irrevocably release, relinquish and discharge Florida Power & Light Company and its present, former and future directors, partners, managing directors, officers, employees, agents, servants, consultants, attorneys, representatives, accountants, bankers, insurers, administrators, parents, subsidiaries, divisions, subcontractors, affiliates, predecessors, successors and assigns and all other persons or entities acting on their respective behalf or at their respective direction or control (collectively, the "RELEASED PARTY") from any liabilities relating to or arising out of

=

or in connection with, directly or indirectly, the following (the "Release Subject Matter"): each and every right, claim or cause of action at law or in equity which arose as of or prior to the Closing Date asserted or which could be or could have been asserted currently or at any time in the future by the Other Parties against FPL, including claims arising under federal law, state law, common law or any other potentially applicable law or legal theory, whether or not formerly or currently asserted or assertable by complaint, affirmative defense, counterclaim or otherwise, in the Action, the Adversary Proceeding, or otherwise, relating to or arising out of or in any manner connected with, directly or indirectly, (i) the Facilities; (ii) the Standard Offer Contracts; or (iii) any fees or expenses incurred in the Action or in the Adversary Proceeding by any of the Other Parties.

Representation

The parties hereto represent and warrant that they have the authority to execute, deliver and be bound by this Release and that the signatories to this Release represent that they have been authorized to execute this Release on behalf of all Releasing Parties related to the respective signatory and further that, as of the date hereof, no matters released hereunder have been assigned, transferred or conveyed to any other person or entity.

Counterparts Permitted

This instrument may be executed in one or more counterparts and by facsimile, each of which counterparts shall be deemed an original hereof, but all of which together shall constitute one instrument.

Choice of Law

This instrument shall be governed by Florida law, without reference to the choice of law provisions thereof.

Dated: _____, 2000

DEFENDANTS:

**OKEELANTA POWER LIMITED
PARTNERSHIP, as an Owner
and Defendant**

By: _____
Name: _____
Its: _____

**GATOR GENERATING COMPANY,
LIMITED PARTNERSHIP, as an
Owner and Defendant**

By: _____
Name: _____
Its: _____

**FLO-ENERGY CORPORATION, as a
general partner in Okeelanta Power and a Defendant**

By: _____
Name: _____
Its: _____

**OSCEOLA POWER LIMITED
PARTNERSHIP**

By: _____
Name: _____
Its: _____

**GLADES POWER PARTNERSHIP, as a
general partner in Osceola Power and a Defendant**

By: _____
Name: _____
Its: _____

**LAKE POWER LEASING PARTNERSHIP, as
a general partner in Gator and a Defendant**

By: _____
Name: _____
Its: _____

THE BONDHOLDERS:

Each of Dreyfus Premier Municipal Bond Fund and Dreyfus Premier Municipal Bond Fund-Florida Series is organized as a Business Trust under the laws of the Commonwealth of Massachusetts (each, the "Trust") and a copy of the Declaration of Trust of each Trust is on file with the Secretary of State of The Commonwealth of Massachusetts. Each of the other parties to this Amendment acknowledge that the obligations of or arising out of this instrument are not binding upon any of the Trust's trustees, officers, employees, agents or shareholders individually, but are binding solely upon the assets and property of the Trust in accordance with its proportionate interest hereunder. If this instrument is executed by the Trust on behalf of one or more series or portfolio of the Trust, you further acknowledge that the assets and liabilities of each series or portfolio for the Trust are separate and distinct and that the obligations of or arising out of this instrument are binding solely upon the assets or property of the series or portfolio on whose behalf the Trust has executed this instrument. If the Trust has executed this instrument on behalf of more than one series or portfolio of the Trust, you also agree that the obligations of each series or portfolio hereunder shall be several and not joint, in accordance with its proportionate interest hereunder, and you agree not to proceed against any series or portfolio for the obligations of another series or portfolio.

DREYFUS STRATEGIC MUNICIPALS, INC.
DREYFUS MUNICIPAL BOND FUND, INC.
DREYFUS STRATEGIC MUNICIPAL BOND FUND, INC.
DREYFUS INTERMEDIATE MUNICIPAL BOND FUND, INC.
DREYFUS PREMIER STATE MUNICIPAL BOND FUND-FLORIDA SERIES
DREYFUS PREMIER MUNICIPAL BOND FUND
DREYFUS MUNICIPAL INCOME, INC.
DREYFUS BASIC MUNICIPAL BOND FUND, INC.
GENERAL MUNICIPAL BOND FUND, INC.

By: _____
Name: _____
Its: _____

**FRANKLIN HIGH YIELD TAX-FREE INCOME FUND
FRANKLIN FEDERAL INTERMEDIATE TAX-FREE INCOME FUND
FRANKLIN FLORIDA TAX-FREE INCOME FUND**

By: _____

Name: _____

Its: _____

HIGH YIELD MUNICIPALS PORTFOLIO

By: _____
Name: _____
Its: _____

FLORIDA MUNICIPALS PORTFOLIO

By: _____
Name: _____
Its: _____

**FLORIDA LIMITED MATURITY
MUNICIPALS PORTFOLIO**

By: _____
Name: _____
Its: _____

**NATIONAL LIMITED MATURITY
MUNICIPALS PORTFOLIO**

By: _____
Name: _____
Its: _____

GOLDMAN SACHS & CO.

By: _____
Name: _____
Its: _____

TRUSTEE:

**SUNTRUST BANK, formerly known
as SUNTRUST BANK, CENTRAL FLORIDA,
NATIONAL ASSOCIATION, as trustee**

By: _____
Name: _____
Its: _____

STATE OF _____)
) SS:
COUNTY OF _____)

On _____ before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of OKEELANTA POWER LIMITED PARTNERSHIP, the entity described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of OKEELANTA POWER LIMITED PARTNERSHIP.

Notary Public

STATE OF _____)
) SS:
COUNTY OF _____)

On _____ before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of GATOR GENERATING COMPANY, LIMITED PARTNERSHIP the entity described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of GATOR GENERATING COMPANY, LIMITED PARTNERSHIP.

Notary Public

STATE OF _____)
) SS:
COUNTY OF _____)

On _____ before me personally came _____ to me
known, who, by me duly sworn, did depose and say that the deponent is the _____
of FLO-ENERGYCORPORATION, the entity described in and which executed the foregoing
Release, and that the deponent was duly authorized to execute said document on behalf of FLO-
ENERGY CORPORATION.

Notary Public

STATE OF _____)
) SS:
COUNTY OF _____)

On _____ before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of OSCEOLA POWER LIMITED PARTNERSHIP, the entity described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of OSCEOLA POWER LIMITED PARTNERSHIP.

Notary Public

STATE OF _____)
) SS:
COUNTY OF _____)

On _____ before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of OSCEOLA POWER LIMITED PARTNERSHIP, the entity described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of OSCEOLA POWER LIMITED PARTNERSHIP.

Notary Public

STATE OF _____)
) SS:
 COUNTY OF _____)

On _____ before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of LAKE POWER LEASING PARTNERSHIP, the entity described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of LAKE POWER LEASING PARTNERSHIP.

 Notary Public

STATE OF _____)
) SS:
COUNTY OF _____)

On _____, before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of DREYFUS STRATEGIC MUNICIPALS, INC., DREYFUS MUNICIPAL BOND FUND, INC., DREYFUS STRATEGIC MUNICIPAL BOND FUND, INC., DREYFUS INTERMEDIATE MUNICIPAL BOND FUND, INC., DREYFUS PREMIER STATE MUNICIPAL BOND FUND - FLORIDA SERIES, DREYFUS PREMIER MUNICIPAL BOND FUND, DREYFUS MUNICIPAL INCOME, INC., DREYFUS BASIC MUNICIPAL BOND FUND, INC., GENERAL MUNICIPAL BOND FUND, INC., the entities described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of DREYFUS STRATEGIC MUNICIPALS, INC., DREYFUS MUNICIPAL BOND FUND, INC., DREYFUS STRATEGIC MUNICIPAL BOND FUND, INC., DREYFUS INTERMEDIATE MUNICIPAL BOND FUND, INC., DREYFUS PREMIER STATE MUNICIPAL BOND FUND - FLORIDA SERIES, DREYFUS PREMIER MUNICIPAL BOND FUND, DREYFUS MUNICIPAL INCOME, INC., DREYFUS BASIC MUNICIPAL BOND FUND, INC., GENERAL MUNICIPAL BOND FUND, INC.

Notary Public

STATE OF _____)
) SS:
COUNTY OF _____)

On _____, before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of FRANKLIN FLORIDA TAX-FREE INCOME FUND, FRANKLIN HIGH YIELD TAX-FREE INCOME FUND and FRANKLIN FEDERAL INTERMEDIATE TAX-FREE INCOME FUND the entities described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of FRANKLIN FLORIDA TAX-FREE INCOME FUND, FRANKLIN HIGH YIELD TAX-FREE INCOME FUND and FRANKLIN FEDERAL INTERMEDIATE TAX-FREE INCOME FUND.

Notary Public

EXHIBIT E

First Union National Bank of Florida, as Escrow Agent
One Southeast Financial Center
Miami, Florida 33131

Re: FPL/Okeelanta Performance Escrow
Custodian Account No. 4072851023

Dear Sir/Madam:

This letter is provided to you pursuant to the Escrow Agreement effective as of May 17, 1993 by and among Florida Power & Light Company ("FPL"), Okeelanta Power Limited Partnership ("Okeelanta") and First Union National Bank of Florida ("Escrow Agent") ("Escrow Agreement").

This is to advise you that FPL and Okeelanta have settled their dispute relating to the Escrow Agreement. Pursuant to that settlement, FPL and Okeelanta hereby provide to you these joint written instructions as to the disposition of the funds in the above-referenced escrow account ("Account") including all Escrowed Property and Accrued Amounts as those terms are used in the Escrow Agreement. FPL and Okeelanta hereby direct and instruct you that, within ___ days of the date of this letter, you should deliver all sums in the Account to the Trustee by wire transfer into the following account:

Thank you for your prompt attention to this matter.

Sincerely,

FLORIDA POWER & LIGHT
COMPANY

OKEELANTA POWER LIMITED
PARTNERSHIP

By: _____
Title: _____

By: _____
Title: _____

STATE OF _____)
) SS:
COUNTY OF _____)

On _____, before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of HIGH YIELD MUNICIPALS PORTFOLIO, the entities described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of HIGH YIELD MUNICIPALS PORTFOLIO.

Notary Public

STATE OF _____)
) SS:
COUNTY OF _____)

On _____, before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of FLORIDA MUNICIPALS PORTFOLIO, the entities described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of FLORIDA MUNICIPALS PORTFOLIO.

Notary Public

STATE OF _____)
) SS:
COUNTY OF _____)

On _____, before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of FLORIDA LIMITED MATURITY MUNICIPALS PORTFOLIO, the entities described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of FLORIDA LIMITED MATURITY MUNICIPALS PORTFOLIO.

Notary Public

STATE OF _____)
) SS:
COUNTY OF _____)

On _____, before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of NATIONAL LIMITED MATURITY MUNICIPALS PORTFOLIO, the entity described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of NATIONAL LIMITED MATURITY MUNICIPALS PORTFOLIO.

Notary Public

11

STATE OF _____)
)SS:
COUNTY OF _____)

On _____ before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of GOLDMAN SACHS & CO., the entity described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of GOLDMAN SACHS & CO.

Notary Public

STATE OF _____)
)SS:
COUNTY OF _____)

On _____ before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of SUNTRUST BANK, formerly known as SUNTRUST BANK, CENTRAL FLORIDA, NATIONAL ASSOCIATION, as trustee, the entity described in and which executed the foregoing Release, and that the deponent was duly authorized to execute said document on behalf of SUNTRUST, formerly known as SUNTRUST BANK, CENTRAL FLORIDA, NATIONAL ASSOCIATION, as trustee.

Notary Public

EXHIBIT C

Wire Transfer Instructions
for
\$222,500,000

SunTrust ATL

ABA No. 061000104

A/C No. 9088000265

Attn: Trust Orlando

Ref: Palm Beach County/Osceola/Okeelanta

Advise: Bruce Daiger

EXHIBIT D

First Union National Bank of Florida, as Escrow Agent
One Southeast Financial Center
Miami, Florida 33131

Re: FPL/Okeelanta Completion Escrow
Custodian Account No. 4072272952

Dear Sir/Madam:

This letter is provided to you pursuant to the Escrow Agreement effective as of February 17, 1992 by and among Florida Power & Light Company ("FPL"), Okeelanta Corporation and First Union National Bank of Florida ("Escrow Agent") ("Escrow Agreement"). As you know, the rights and obligations of Okeelanta Corporation under the Escrow Agreement were assigned and transferred to Okeelanta Power Limited Partnership ("Okeelanta"). Therefore, Okeelanta Corporation is no longer a party to such Escrow Agreement.

This is to advise you that FPL and Okeelanta have settled their dispute relating to the Escrow Agreement. Pursuant to that settlement, FPL and Okeelanta hereby provide to you these joint written instructions as to the disposition of the funds in the above-referenced escrow account ("Account") including all Escrowed Property and Accrued Amounts as those terms are used in the Escrow Agreement. FPL and Okeelanta hereby direct and instruct you that, within ___ days of the date of this letter, you should deliver all sums in the Account to the Trustee by wire transfer into the following account:

Thank you for your prompt attention to this matter.

Sincerely,

FLORIDA POWER & LIGHT
COMPANY

OKEELANTA POWER LIMITED
PARTNERSHIP

By: _____
Title: _____

By: _____
Title: _____

EXHIBIT F

First Union National Bank of Florida, as Escrow Agent
One Southeast Financial Center
Miami, Florida 33131

Re: FPL/Osceola Completion Escrow
Custodian Account No. 4072272961

Dear Sir/Madam:

This letter is provided pursuant to: (a) the Escrow Agreement effective as of February 17, 1992 by and among Florida Power & Light Company ("FPL"), Osceola Farms, Co. ("Osceola Farms") and First Union National Bank of Florida ("Escrow Agent") ("Escrow Agreement"), and (b) the Amendment to Escrow Agreement (Re: Completion Security) dated December 13, 1994 by and among FPL, Osceola Power Limited Partnership ("Osceola") and Gator Generating Company, Limited Partnership ("Gator") and the Escrow Agent ("Escrow Amendment").

As you know, the rights and obligations of Osceola Farms under the Escrow Agreement were assigned and transferred to Osceola and, subsequently, to Gator. Therefore, Osceola Farms is no longer a party to the Escrow Agreement.

This is to advise you that FPL, Osceola and Gator have settled their dispute relating to the Escrow Agreement and the Escrow Amendment. Pursuant to that settlement, FPL, Osceola and Gator hereby provide to you these joint written instructions as to the disposition of the funds in the above-referenced escrow account ("Account") including all Escrowed Property and Accrued Amounts as those terms are used in the Escrow Agreement and Escrow Amendment. FPL, Osceola and Gator hereby direct and instruct you that, within ___ days of the date of this letter, you should deliver all sums in the Account to the Trustee by wire transfer into the following account:

Thank you for your prompt attention to this matter.

Sincerely,

FLORIDA POWER & LIGHT
COMPANY

By: _____
Title: _____

OSCEOLA POWER LIMITED
PARTNERSHIP

By: _____
Title: _____

GATOR GENERATING COMPANY,
LIMITED PARTNERSHIP

By: _____
Title: _____

EXHIBIT G

First Union National Bank of Florida, as Escrow Agent
One Southeast Financial Center
Miami, Florida 33131

Re: FPL/Osceola Performance Escrow
Custodian Account No. 4072851014

Dear Sir/Madam:

This letter is provided to you pursuant to: (a) the Escrow Agreement effective as of May 17, 1993 by and among Florida Power & Light Company ("FPL"), Osceola Power Limited Partnership ("Osceola") and First Union National Bank of Florida ("Escrow Agent") ("Escrow Agreement"), and (b) the Amendment to Escrow Agreement (Re: Performance Security) dated December 13, 1994, by and among FPL, Osceola, Gator Generating Company, Limited Partnership ("Gator") and the Escrow Agent ("Escrow Amendment").

This is to advise you that FPL, Osceola and Gator have settled their dispute relating to the Escrow Agreement and the Escrow Amendment. Pursuant to that settlement, FPL, Osceola and Gator hereby provide to you these joint written instructions as to the disposition of the funds in the above-referenced escrow account ("Account") including all Escrowed Property and Accrued Amounts as those terms are used in the Escrow Agreement and Escrow Amendment. FPL, Osceola and Gator hereby direct and instruct you that, within ___ days of the date of this letter, you should deliver all sums in the Account to the Trustee by wire transfer into the following account:

Thank you for your prompt attention to this matter.

Sincerely,

FLORIDA POWER & LIGHT
COMPANY

OSCEOLA POWER LIMITED
PARTNERSHIP

By: _____
Title: _____

By: _____
Title: _____

GATOR GENERATING COMPANY,
LIMITED PARTNERSHIP

By: _____
Title: _____

=

EXHIBIT H

IN THE CIRCUIT COURT OF THE
15TH JUDICIAL CIRCUIT, IN AND
FOR PALM BEACH COUNTY, FLORIDA

CASE NO. CL-97-00171-AF

FLORIDA POWER & LIGHT
COMPANY,

Plaintiff/Counter-defendant,

vs.

OKEELANTA POWER LIMITED PARTNERSHIP,
OSCEOLA POWER LIMITED PARTNERSHIP,
FLO-ENERGY CORP., GLADES POWER
PARTNERSHIP, GATOR GENERATING
COMPANY, LIMITED PARTNERSHIP,
and LAKE POWER LEASING
PARTNERSHIP,

Defendants.

vs.

FPL GROUP, INC., a corporation, and
FPL GROUP CAPITAL, INC., a corporation

STIPULATION OF VOLUNTARY DISMISSAL

Pursuant to Florida Rule of Civil Procedure 1.420(a)(1)(B), all parties who have appeared in this action hereby stipulate and agree that all claims and counterclaims in this action be and are DISMISSED WITH PREJUDICE, with each party to bear its own costs and attorneys' fees.

Dated: _____, 2000

FLORIDA POWER & LIGHT COMPANY,
FPL GROUP, INC., a corporation
and FPL GROUP CAPITAL, INC.,
a corporation

OKEELANTA POWER LIMITED
PARTNERSHIP,
OSCEOLA POWER LIMITED
PARTNERSHIP,
FLO-ENERGY CORP.,
GLADES POWER PARTNERSHIP,
GATOR GENERATING, LIMITED
PARTNERSHIP,
LAKE POWER COMPANY LEASING
PARTNERSHIP

Gary K. Harris
Fla. Bar No. 0065358
BOIES SCHILLER & FLEXNER L.L.P.
390 N. Orange Avenue, #1890
Orlando, FL 32801
(407) 425-7118
FAX: (407) 425-7047

Sidney A. Stubbs
Fla. Bar No. 095596
JONES, FOSTER, JOHNSTON & STUBBS
P.O. Box 3475
West Palm Beach, FL 33402-3475
(561) 659-3000
FAX: (561) 832-1454

David Boies
BOIES SCHILLER & FLEXNER L.L.P.
80 Business Park Drive, #110
Armonk, NY 10504
(914) 273-9800
FAX: (914) 273-9804

Stewart W. Karge
McDERMOTT, WILL & EMERY
227 West Monroe Street
Chicago, IL 60606-5096
(312) 372-2000
FAX: (312) 984-3651

Louis M. Silber
Fla. Bar No. 176031
SILBER & VALENTE, P.A.
1801 South Australian Avenue
West Palm Beach, FL 33402
(561) 615-6200
FAX: (561) 832-1991

Attorneys for Defendants/
Counterplaintiffs

Attorneys for Plaintiff/
Counterdefendants

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

91 SEP 20 A 8: 06

THIS AGREEMENT is made and entered this 20th day of September, 1991, by and between Okeelanta Corporation (hereinafter 'the QF'), and Florida Power & Light Company (hereinafter 'FPL') a private utility corporation organized under the laws of the State of Florida. The QF and FPL shall be identified herein as the 'Parties'.

WITNESSETH:

WHEREAS, 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 25-17.087 of Order No. 23623, Docket No. 891049-EU; and

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

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

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

1. Facility; Qualifying Status

The QF contemplates installing and operating a 74,000 KVA electrical generator located at approximately 6 miles south of South Bay & Palm Beach County, Fla. (hereinafter called the "Facility"). The generator is designed to produce a maximum of 74,000 kilowatts (kW) of electric power at an 85% lagging to 85% leading power factor.

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.

2. Term of Contract

Except as otherwise provided herein (e.g., Sections 7, 8, 9, 11, 12.3, 12.4), this Contract shall begin immediately upon its execution by the Parties and shall end at 12:01 a.m., December 31, 2026.

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

3. Minimum Specifications

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

1. Avoided unit(s) on which this Contract is based: 125 MW constituting the first stage of a 1998 907 MW Integrated Gasifier Combined Cycle generating unit.
2. Total Committed Capacity needed to fully subscribe the avoided unit (MW): 125 MW.
3. Expiration date: December 31, 1992.
4. Date by which firm capacity and energy deliveries from the QF to FPL shall commence: January 1, 1997, unless early capacity payments are received.
5. Period of time over which firm capacity and energy shall be delivered from the QF to FPL: 30 yrs. (minimum of ten years, maximum of thirty years from January 1, 1997).

(Continued on Sheet No. 9.851)

Issued by: S. E. Frank, President
 Effective: September 20, 1991

ATTACHMENT B

(Continued from Sheet No. 9.850)

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

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

* On Peak hours as defined in Appendix C.

4. Sale of Electricity by the QF

4.1 Purchase by FPL

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

5. Payment for Electricity Produced by the Facility

5.1 Energy

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

Prior to January 1, 1997, the QF will receive energy payments based on FPL's as-available avoided energy costs. After January 1, 1997, the QF will receive energy payments determined on an hour-by-hour basis, as follows: (a) to the extent that FPL's Avoided Unit would have operated, the avoided energy costs shall be the Avoided Unit Fuel Cost as defined in Rate Schedule COG-2, and (b) to the extent that FPL's Avoided Unit would not have been operated, the avoided energy costs shall be FPL's as-available avoided energy costs calculated in accordance with FPSC Rule 25-17.0825 and FPL's Rate Schedule COG-1, as they may each be amended from time to time.

5.2 Capacity

5.2.1 Capacity Payment

FPL agrees to pay the QF for the capacity described in Paragraph 5.2.2 in accordance with the rates and procedure 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 B of Rate Schedule COG-2. Once so selected, this option cannot be changed for the life of this Contract.

5.2.2 Committed Capacity

It is the intent of the QF to sell 70,000 kW of Committed Capacity, beginning on January 1, 1996. The QF shall have the one-time option of finalizing its Committed Capacity after initial Facility testing, and specifying when capacity payments are to begin. Such option shall be exercised by providing formal written notice, in accordance with Section 12.9, informing FPL of the beginning date above, and of any adjustment in the Committed Capacity for small discrepancies between anticipated and actual capacity after Facility testing. Such adjustment shall be limited to +/- 7.5% of the QF's initial Committed Capacity, as long as the QF's Committed Capacity after such adjustment does not equal or exceed 75 MW. In the event such notice is not received by FPL prior to the commercial in-service date of the Facility or January 1, 1997, whichever occurs first, the Committed Capacity specified in this Section shall be considered as the QF's Committed Capacity.

5.3 Payments

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

(Continued on Sheet No. 9.852)

Issued by: S. E. Frank, President
Effective: September 20, 1991

(Continued from Sheet No. 9.851)

5.4 Credits/Assessments for Clean Air Act Impacts

The QF shall be entitled to receive a credit to the extent that FPL's system requirements for SO₂ emission allowances are reduced as a result of purchasing firm capacity and energy from the QF instead of operating the Avoided Unit. Similarly, the QF shall be assessed a charge if FPL's system requirements for such allowances increase as a result of purchasing firm capacity and energy from the QF instead of operating the Avoided Unit.

In order to be eligible for a credit for SO₂ emission reductions the energy provided by the QF must be of equal value in reducing system-wide SO₂ emissions as the energy that would have been provided by the Avoided Unit.

The QF will receive a debit or a credit equal to the difference between the way the system would have operated utilizing the Avoided Unit and the way the system actually operated with the QF. The value of the emission credits or debits received by the QF will be the value at the time that the credits or debits were incurred by FPL.

6. Electricity Production and Plant Maintenance Schedule

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

6.2 By October 31 of each calendar year, FPL shall notify the QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL cannot accept any of the requested scheduled maintenance periods, FPL shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. 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.

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

6.4 Dispatch and Control

6.4.1 Power supplied by the QF hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of 138,000 volts (138 kV) and power factor dispatchable and controllable in the range of 85% lagging to 85% leading as measured at the interconnection point to maintain system operating parameters, as specified by FPL.

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

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

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

(Continued on Sheet No. 9.853)

Issued by: S. E. Frank, President
Effective: September 20, 1991

(Continued from Sheet No. 9.852)

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

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

7. Completion Security

7.1 The QF shall provide FPL either (i) unconditional, irrevocable direct pay letter(s) of credit issued by bank(s) acceptable to FPL in form and substance acceptable to FPL (including, but not limited to, a provision for automatic renewals through _____, 199__ and sixty days' prior written notice by the issuing bank(s) to FPL of the issuing bank's(s') intention not to renew the letter(s) of credit, and a provision that, upon receipt of such notice, FPL may draw upon the letter(s) of credit in full), (ii) cash or (iii) surety bond(s) issued by a company(ies) acceptable to FPL, in form and substance acceptable to FPL. Such letters of credit, cash or surety bonds shall be in the amount of eight hundred & seventy five thousand Dollars (\$ 875,000.00) (\$12.50 per kW) to assure completion of the Facility by January 1, 1997, and shall be provided or paid to FPL within ninety days of the execution of the Contract. Pursuant to FPSC Rule 25-17.091(4), a QF qualifying as a "Solid Waste Facility" whether or not receiving either advance funding or levelized capacity payments from FPL 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 the completion of the Facility.

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

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

8. Performance Security

In order to assure that the QF delivers firm capacity and energy in the amounts and at the times specified in this Contract, FPL shall require performance security in the amount of \$12.50 per kilowatt of Committed Capacity, to protect FPL's ratepayers from the QF's failure to so deliver firm capacity and energy, to be submitted on the later of (i) eighteen months after this Contract's execution, or (ii) three years prior to the date the QF must commence delivery of firm capacity and energy pursuant to Section 5.2.2 of this Contract. The QF may provide the performance security using either (a) cash, (b) unconditional, irrevocable direct pay letter(s) of credit issued by bank(s) acceptable to FPL, in form and substance, acceptable to FPL (including, but not limited to, a provision for automatic renewals through the date FPL releases the performance security and sixty days' prior written notice by the issuing bank(s) to FPL of the issuing bank's(s') intention not to renew the letter(s) of credit, and a provision that, upon receipt of such notice, FPL may draw upon the letter(s) of credit in full), or (c) surety bond(s) issued by a company(ies) acceptable to FPL, in form and substance acceptable to FPL. Pursuant to FPSC Rule 25-17.091(4), a QF qualifying as a "Solid Waste Facility" whether or not receiving either advance funding or levelized capacity payments from FPL 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 the performance of the Facility. The specific security for the QF's performance selected for purposes of this Contract is Surety bond.

(Continued on Sheet No. 9.854)

Issued by: S. E. Frank, President
Effective: September 20, 1991

(Continued from Sheet No. 9.853)

Such performance security shall be refunded or released, as applicable, upon demonstration, to FPL's reasonable satisfaction, over a six-month period following commercial operation, that the Facility can deliver the amounts of capacity and energy specified in this Contract. The following test procedure shall be used to demonstrate that the QF can deliver the amounts of capacity and energy specified in this Contract:

1. The QF shall select and schedule the test period, providing reasonable notice to FPL.
2. Up to three 72-hour tests may be conducted in the event that, during the first or second test, the Facility does not achieve the Committed Capacity.
3. The tests shall be adjusted to ambient conditions.
4. The tested capacity shall be the average capacity over the 72-hour test period.
5. Normal station service auxiliaries are required; however, no deliveries of cogenerated steam to the steam customer (if applicable) will be required.

Absent such timely demonstration that the Facility can achieve the Committed Capacity pursuant to Section 5.2.2, the performance security shall be forfeited to FPL to help defray the costs of replacement power.

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

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

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

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

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

10. Performance Factor

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

(Continued on Sheet No. 9.855)

(Continued from Sheet No. 9.854)

11. Default

Notwithstanding the occurrence of any Force Majeure as described in Section 12.5, 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) After the commercial operation date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described on Appendix C, of at least 60%; provided, however, such period shall be extended to eighteen consecutive months if (i) the QF determines that major equipment, including, but not limited to, the boiler and the turbine generator, needs replacement, (ii) within 60 days of failure, the QF provides to FPL, in writing, proof that such major equipment does need replacing, (iii) FPL concurs in such determination, and (iv) such major equipment is actually replaced;
- (c) After the commercial operation date, the Facility fails for any twenty-four consecutive months to maintain an Annual Capacity Billing Factor of at least 60%;
- (d) The QF ceases the conduct of active business; or if proceedings under the Federal Bankruptcy Act or insolvency laws shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;
- (e) The QF fails to give proper assurance of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance; or
- (f) The QF materially fails to perform as specified under this Contract, including the QF's obligations under Sections 6, 7, 8, 9, and 12.

Upon the occurrence of any of the foregoing Events of Default, FPL may, at its option, terminate this Contract without penalty or further obligation, 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.

12. General Provisions

12.1 Project Viability - To assist FPL in assessing the QF's financial and technical viability as required by Rule 25-17.0832(3)(d), the QF shall provide the following 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 documents may result in a determination of non-viability by FPL:

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

(Continued on Sheet No. 9.856)

Issued by: S. E. Frank, President
Effective: September 20, 1991

(Continued from Sheet No. 9.855)

12.2 Permits

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

12.3 Indemnification

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

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

12.4 Insurance

12.4.1 The QF shall procure or cause to be procured a policy or policies of liability insurance issued by an insurer satisfactory to FPL on a standard "Insurance Services Office" commercial general liability form. An FPL certificate of insurance shall be delivered to FPL at least fifteen calendar days prior to the start of any interconnection work. At a minimum, the QF's policy(ies) shall contain (i) an endorsement providing coverage, including, but not limited to, products liability/completed operations coverage for the term of this Contract, and (ii) a broad form contractual liability endorsement covering liabilities which might arise under, or in the performance or nonperformance of, this Contract and the Parties' (interconnection) (~~transmission service~~) agreement dated September 20, 19 _____, or caused by operation of any of the QF's equipment or by the QF's failure to maintain the QF's equipment in satisfactory and safe operating condition. Effective at least fifteen calendar days prior to the synchronization of the Facility with FPL's system, the policy(ies) shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards.

12.4.2 The QF's policy(ies) required under Section 12.4.1 shall have a minimum limit of \$1,000,000, per occurrence combined single limit, for bodily injury (including death) or property damage. A higher limit of QF insurance may be provided if the QF deems it necessary.

12.4.3 In the event that such insurance becomes totally unavailable or procurement becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but FPL and the QF shall enter into negotiations to develop substitute protection which the Parties, in their reasonable judgment, deem adequate. Any premium assessment or deductible shall be for the account of the QF and not FPL Entities.

12.4.4 In the event that the policy(ies) is (are) on a "claims made" basis, the retroactive dates of the policy(ies) shall be the effective date of this Contract or such other date as to protect the interests of FPL Entities and QF Entities. Furthermore, if the policy(ies) is (are) 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; coverage is on an "occurrence" basis, such insurance shall be maintained by the QF during the entire period of interconnection and performance by the Parties under this Contract.

The QF's policy(ies) shall not be canceled or materially altered without at least thirty calendar days' written notice to FPL. The QF's coverage must be reasonably acceptable to FPL.

(Continued on Sheet No. 9.857)

Issued by: S. E. Frank, President
Effective: September 20, 1991

(Continued from Sheet No. 9.856)

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

12.4.6 FPL Entities shall be designated as an additional named insured under all the QF policy(ies), including any policy(ies) obtained at the election of the QF pursuant to Section 12.4.2.

12.5 Force Majeure

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

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

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

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

12.5.4 If the QF suffers an occurrence of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QF may, upon notice to FPL, temporarily adjust the Committed Capacity as provided in Sections 12.5.4.1 and 12.5.4.2. Such adjustment shall be effective the first calendar day immediately following FPL's receipt of the notice or such later date as may be specified by the QF. Furthermore, such adjustment shall be the minimum amount necessitated by Force Majeure.

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

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

12.5.4.3 Upon the conclusion of the cure for Force Majeure, the Committed Capacity shall be equal to the Committed Capacity that existed immediately prior to the Force Majeure.

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

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

(Continued on Sheet No. 9.858)

Issued by: S. E. Frank, President
Effective: September 20, 1991

(Continued from Sheet No. 9.857)

12.6 Project Management

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

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

12.7 Assignment

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

12.8 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.

12.9 Notification

All formal notices affecting the provisions of this Contract shall be delivered in person or 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 on such time as either Party furnished the other Party written instructions to contact another individual:

For the QF:

Donal W. Carson

316 Royal Poinciana Plaza

Palm Beach, FL 33480

For FPL:

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 Technical Services and Regulatory Support
Bulk Power Markets Department

(Continued on Sheet No. 9.859)

Issued by: S. E. Frank, President
Effective: September 20, 1991

FPL VISITOR ENTRANCE

(Continued from Sheet No. 9.858)

91 SEP 20 A 8: 00

12.10 Applicable Law.

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

12.11 Taxation.

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from the Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's early, levelized or early levelized capacity payments to the QF 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 early, levelized or early levelized 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.

12.12 Severability.

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

12.13 Complete Agreement and Amendments.

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

12.14 Survival of Contract.

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

IN WITNESS WHEREOF, the QF and FPL executed this Contract this 20th day of Sept. 1991.

WITNESS

[Handwritten signature]

FLORIDA POWER & LIGHT COMPANY

[Handwritten signature]
Sr. Vice President Market & Regulatory Services
Date: November 19, 1991

WITNESS:

[Handwritten signature]

[Handwritten signature]

Date: 9/20/91

(Continued on Sheet No. 9.860)

Issued by: S. E. Frank, President

Effective: September 20, 1991

STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM QUALIFYING FACILITIES
LESS THAN 75 MEGAWATTS 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 Qualifying Facility Less than 75 MW or a Solid Waste Facility" ("Standard Offer Contract"), purchase firm capacity and energy offered by any small Qualifying Facility ("the QF") - either cogeneration or small power production, the latter including any governmental solid waste facility ("GSWF") as defined in Rule 25-17.091, F.A.C., and any facility which burns landfill gas - less than 75 megawatts as specified under Section 403.503(7), F.S. (1989), irrespective of the QF's location, and which is either directly or indirectly interconnected with the Company. The Company's obligation to contract to purchase firm capacity from any QF's less than 75 MW, by means of this schedule and the Standard Offer Contract will continue only as long as, and to the extent that, the 125 MW subscription limit as identified in the Company's October 30, 1990, filing with the Florida Public Service Commission ("FPSC"), and as approved by the FPSC in Order No. 24949 is not exceeded and, in any event, so later than December 31, 1992.

APPLICABLE

To any small QF less than 75 MW in size, irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract". Firm Capacity and Energy are described by FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a QF less than 75 MW in size pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

CHARACTER OF SERVICE

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

LIMITATION

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

- A. Are less than 75 megawatts;
- B. Execute a Standard Offer Contract prior to December 31, 1992, the expiration date of the Standard Offer Contract for the Company's purchase of firm capacity and energy;
- C. Commit to commence deliveries of firm capacity and energy no later than January 1, 1997, and to continue such deliveries through at least December 31, 2006, but not later than December 31, 2026; and
- D. Provide capacity which would not result in the capacity subscription limit for the Company on capacity (125 MW), as identified in FPSC Order No. 24949, to be exceeded.

RATES FOR PURCHASES BY THE COMPANY

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company. The Company's next Avoided Unit has been identified as 125 MW of a 1998 907 MW Integrated Coal Gasification Combined Cycle generating unit ("IGCC") with an in-service date of January 1, 1997, as identified in FPSC Order No. 24949. Appendix A to this Schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's Standard Offer Contract filed and approved pursuant to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

(Continued on Sheet No. 10.201)

Issued by: S. E. Frank, President
Effective: September 20, 1991

(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 twenty (20) years beyond the anticipated in-service date of the Company's Avoided Unit (i.e., through December 31, 2016). Payment schedules for other contract terms will be made available to any QF upon request and may be calculated based on the methodologies described in Appendix A. The currently approved parameters used to calculate the following schedule of payments are found in Appendix B to this Schedule.

Adjustment to Capacity 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 lines.

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

Option A - Fixed Value of Deferral - Normal Capacity Payments

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an in-service date of January 1, 1997, calculated in accordance with FPSC Rule 25-17.0632 F.A.C., as described in Appendix A. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

Option B - Fixed Value of Deferral Early Capacity Payments

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

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

(Continued on Sheet No. 10.202)

(Continued from Sheet No. 10.201)

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

Contract Year	Option A		Option B				
	Normal Payment Starting 01/01/97	Early Payment Starting					01/01/91
		01/01/96	01/01/95	01/01/94	01/01/93	01/01/92	
1991							\$11.60
1992						\$13.06	12.18
1993					\$14.72	13.71	12.80
1994				\$16.62	15.46	14.40	13.44
1995			\$18.80	17.46	16.24	15.13	14.12
1996		\$21.30	19.74	18.33	17.06	15.89	14.83
1997	\$24.18	22.37	20.74	19.26	17.92	16.69	15.57
1998	25.40	23.50	21.78	20.23	18.82	17.53	16.36
1999	26.68	24.68	22.88	21.25	19.76	18.41	17.18
2000	28.02	25.92	24.03	22.32	20.76	19.34	18.05
2001	29.44	27.23	25.24	23.44	21.81	20.32	18.96
2002	30.92	28.60	26.51	24.62	22.90	21.34	19.91
2003	32.47	30.04	27.85	25.86	24.06	22.41	20.91
2004	34.11	31.55	29.25	27.16	25.27	23.54	21.97
2005	35.83	33.14	30.72	28.53	26.54	24.73	23.07
2006	37.63	34.81	32.27	29.97	27.88	25.97	24.23
2007	39.53	36.56	33.89	31.47	29.28	27.28	25.45
2008	41.52	38.40	35.60	33.06	30.75	28.65	26.73
2009	43.61	40.34	37.39	34.72	32.30	30.10	28.08
2010	45.80	42.37	39.27	36.47	33.93	31.61	29.50
2011	48.11	44.50	41.25	38.31	35.64	33.20	30.98
2012	50.53	46.74	43.33	40.24	37.43	34.88	32.54
2013	53.07	49.10	45.51	42.26	39.32	36.63	34.18
2014	55.75	51.57	47.80	44.39	41.30	38.48	35.90
2015	58.55	54.17	50.21	46.63	43.38	40.41	37.71
2016	61.50	56.89	52.74	48.98	45.56	42.45	39.61

Option C - Fixed Value of Deferral - Levelized Capacity Payment

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

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

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

(Continued on Sheet No. 10.203)

Issued by: S. E. Frank, President

Effective: September 20, 1991

(Continued from Sheet No. 10.202)

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

Contract Year	Option C	Option D (Early O&M)					
	Levelized Payment Starting 01/01/97	Early Payment Starting					
		01/01/96	01/01/95	01/01/94	01/01/93	01/01/92	01/01/91
1991							\$ 15.51
1992						\$ 17.32	15.71
1993					\$ 19.36	17.55	15.93
1994				\$ 21.68	19.63	17.80	16.16
1995			\$ 24.30	21.98	19.90	18.05	16.40
1996		\$ 27.29	24.64	22.29	20.19	18.33	16.65
1997	\$ 30.70	27.67	24.99	22.62	20.50	18.61	16.92
1998	31.13	28.07	25.36	22.96	20.82	18.91	17.20
1999	31.59	28.49	25.76	23.32	21.16	19.22	17.49
2000	32.06	28.94	26.17	23.71	21.51	19.56	17.80
2001	32.57	29.40	26.60	24.11	21.89	19.90	18.13
2002	33.09	29.89	27.05	24.53	22.28	20.27	18.47
2003	33.65	30.40	27.53	24.97	22.69	20.65	18.83
2004	34.23	30.94	28.03	25.44	23.12	21.06	19.20
2005	34.85	31.51	28.55	25.92	23.58	21.48	19.60
2006	35.49	32.11	29.11	26.44	24.06	21.93	20.01
2007	36.17	32.73	29.69	26.98	24.56	22.39	20.45
2008	36.88	33.39	30.30	27.55	25.09	22.89	20.91
2009	37.63	34.08	30.94	28.14	25.64	23.40	21.39
2010	38.41	34.81	31.62	28.77	26.23	23.95	21.90
2011	39.24	35.58	32.33	29.43	26.84	24.52	22.43
2012	40.11	36.38	33.07	30.12	27.48	25.12	23.00
2013	41.02	37.23	33.85	30.85	28.16	25.75	23.59
2014	41.98	38.11	34.68	31.61	28.87	26.42	24.20
2015	42.99	39.05	35.54	32.42	29.62	27.11	24.86
2016	44.05	40.03	36.45	33.26	30.41	27.85	25.54

B. Energy Rates**(1) Payments Prior to January 1, 1997:**

The energy rate, in cents per kilowatt-hour (¢/kWh), shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. The calculation of the Company's avoided energy costs reflects the delivery of energy from the region of the Company in which the QF is located. Energy payments to 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 COG-1 Tariff Appendix A.

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

(Continued on Sheet No. 10.204)

Issued by: S. E. Frank, President

Effective: September 20, 1991

(Continued from Sheet No. 10.203)

(2) Payments Starting on January 1, 1997:

The firm energy rate, in cents per kilowatt-hour (¢/kWh), shall be the following on an hour-by-hour basis: (a) to the extent that FPL's Avoided Unit would have operated, the Company's Avoided Unit Fuel Cost (as defined below), and (b) to the extent that the Company's Avoided Unit would not have been operated, the Company's as-available avoided energy costs calculated by the Company in accordance with Rule 25-17.0825, F.A.C., and FPL's Rate Schedule OOG-1, as they may each be amended from time to time. The Company's Avoided Unit Fuel Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the average monthly inventory charge-out price of coal burned at the St. Johns River Power Park (as can be calculated from the Company's Fuel Cost Recovery A-3 Schedule) with an appropriate adjustment for delivery to the Martin site in cents per million Btu; (b) an average annual heat rate of 8.42 million Btu per megawatt-hour based on the 1997 907 MW Company IGCC Avoided Unit; and (c) an additional .139 cents per kilowatt-hour in mid-1990 \$ for variable operation and maintenance expenses which will be escalated based on the actual Consumer Price Index.

Calculations 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. 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 .0013¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
October 1, 1996 - March 31, 1997	2.27	2.10	2.14
April 1, 1997 - September 30, 1997	2.64	2.37	2.44
October 1, 1997 - March 31, 1998	2.41	2.21	2.26
April 1, 1998 - September 30, 1998	2.76	2.49	2.56
October 1, 1998 - March 31, 1999	2.46	2.22	2.28
April 1, 1999 - September 30, 1999	2.97	2.53	2.65

A MW block size ranging from 28 MW to 76 MW has been used to calculate the estimated avoided energy cost.

ESTIMATED FIRM ENERGY COST

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

\$/MMBTU									
1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1.62	1.64	1.64	1.67	1.69	1.70	1.74	1.78	1.76	1.80

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	1.0195
Secondary Voltage Delivery	1.0420

(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. Commercial In-Service Date

The commercial in-service date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., January 1, 1997.)

B. Capacity Factor

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

METERING REQUIREMENTS

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

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

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

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

CHARGES TO QUALIFYING FACILITY**A. Customer Charges:**

<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)

Issued by: S. E. Frank, President

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(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 thirty-six (36) 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	0.237%
Distribution Equipment	0.285%
Transmission Equipment	0.130%

D. Taxes and Assessments

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from the Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's early, levelized or early levelized capacity payments to the QF 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 early, levelized or early levelized 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, 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.
- (2) For a QF in the Company's service area that wishes to contract with another electric utility which is directly or indirectly interconnected with the Company, the Company will, upon request, provide information on the availability and the terms and conditions of the specified desired transmission service.
 - (a) The rates, terms and conditions for all of the Company's firm Transmission Service Agreements are subject to the jurisdiction of Federal Energy Regulatory Commission ("FERC"). The Company will provide the QF, for informational purposes, copies of Transmission Service Agreements which have been previously accepted or approved by the FERC and which govern arrangements similar to the service being requested by the QF.
 - (b) Transmission service arrangements on an if, when and as-available (nonfirm) basis are also subject to the FERC's jurisdiction. Any such arrangement shall be by individualized contract and shall not otherwise interfere with the Company's ability to provide firm retail, firm wholesale and firm transmission service.

(Continued on Sheet No. 10.208)

Issued by: S. E. Frank, President
Effective: September 20, 1991

(Continued from Sheet No. 10.207)

**APPENDIX A
FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM QUALIFYING COGENERATION AND
SMALL POWER PRODUCTION FACILITIES
SMALLER THAN 75 MW IN SIZE OR SOLID WASTE FACILITIES
SCHEDULE COG-2**

APPLICABILITY

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

Also contained in Appendix A is the discussion of the types and forms of surety bond requirements or equivalent assurance of repayment of early capacity payments acceptable to the Company in the event of contractual default by a QF.

CALCULATION OF VALUE OF DEFERRAL

FPSC Rule 25-17.0832(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:

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

Where, for a one year deferral:

- VAC_n = utility's monthly value of avoided capacity, in dollars per kilowatt per month, for each month of year n;
- K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;
- 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 = 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 EARLY CAPACITY PAYMENTS

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

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

Where:

- A_m = monthly early capacity payments to be made to the QF for each month of the contract year n , in dollars per kilowatt per month;
- 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 early capacity payments to a QF are made, starting in year one and ending in the year t ;
- t = the term, in years, of the Standard Offer Contract;

$$A_c = F \begin{bmatrix} \frac{(1 + ip)^t}{1 - (1 + r)^t} \\ \frac{(1 + ip)^t}{1 - (1 + r)^t} \end{bmatrix}$$

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

$$A_0 = G \left[\frac{(1+ia)}{1 - (1+r)} \right] \left[\frac{(1+ia)^t}{1 - (1+r)^t} \right]$$

Where:

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

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

CALCULATION OF LEVELIZED AND EARLY LEVELIZED CAPACITY PAYMENTS

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

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

Where:

- P_L = the monthly levelized capacity payment, starting on or prior to the in-service date of the Company's Avoided Unit(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 value of deferral levelized capacity payments or with calculation for early levelized capacity payments.

(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 paragraphs (2)(c), (2)(d), (3)(e)8, and (3)(f)1, F.A.C., each require that, when early capacity payments are elected, the QF must provide a surety bond or equivalent assurance of repayment of early capacity payments in the event the QF is unable to meet the terms and conditions of its Standard Offer Contract. Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Standard Offer Contract, one of the following may constitute an equivalent assurance of repayment:

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

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

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APPENDIX B
FOR PURCHASE, PURSUANT TO STANDARD OFFER CONTRACT, OF FIRM ENERGY AND CAPACITY
FROM QUALIFYING FACILITIES SMALLER THAN 75 MW IN SIZE OR SOLID WASTE FACILITIES
SCHEDULE COG-2

NORMAL PAYMENT OPTION PARAMETERS

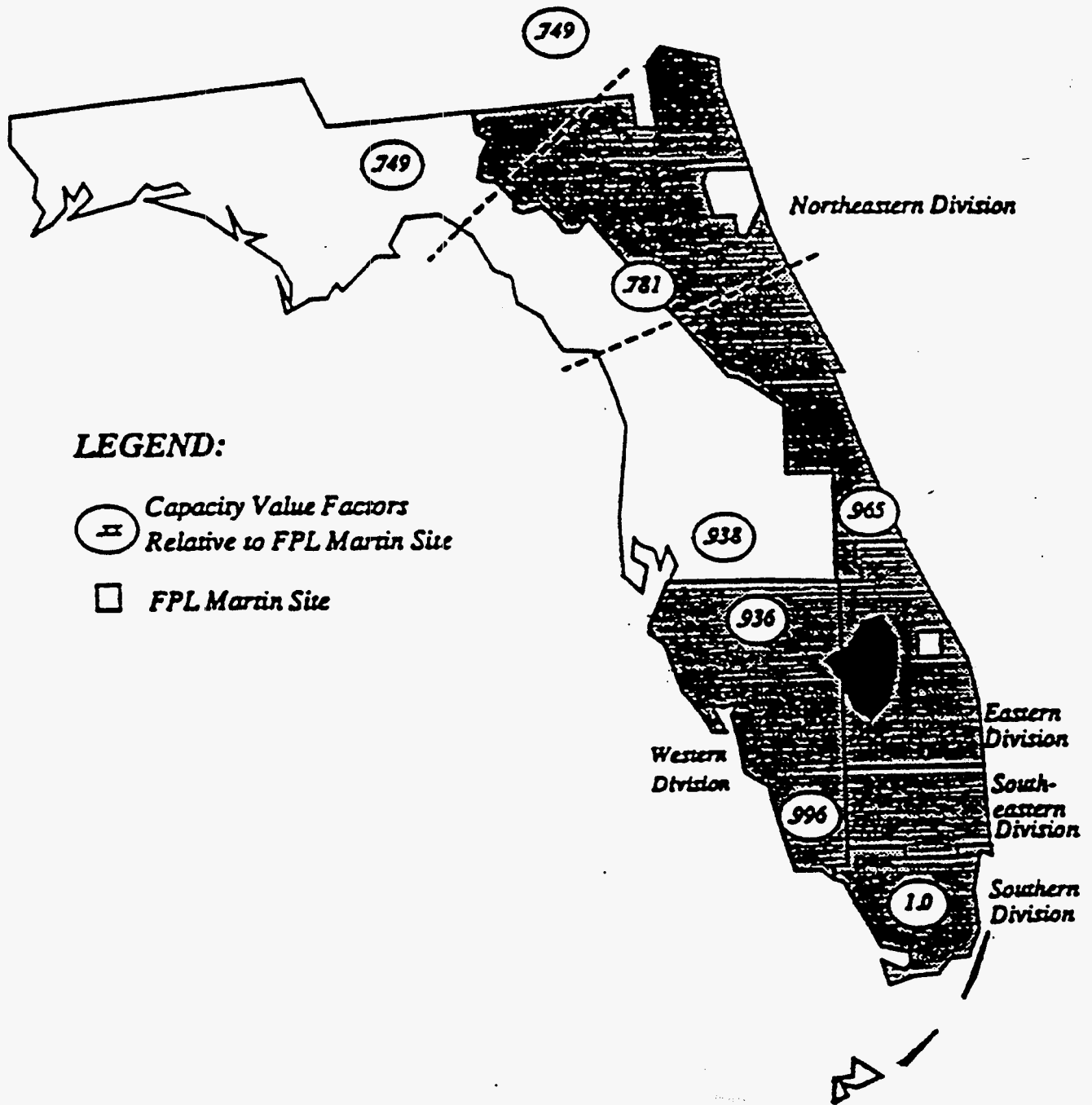
Where, for a one year deferral:		<u>Value</u>
VAC_m	= Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	24.18
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.711
L_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;	1,749
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;	101.86
i_p	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	5.0%
i_o	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	5.1%
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	10.41%
L	= expected life of the Company's Avoided Unit;	30
n	= year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	1997

EARLY PAYMENT OPTION PARAMETERS

A_n	= monthly avoided capital cost component of capacity payments to be made to the QF starting as early as six years prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month;	7.53
i_p	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	5.0%
n	= year for which early capacity payments to a QF are to begin;	1991
F	= the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 20 years;	2,436.86
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	10.41%
t	= the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing prior to the in-service date of the Company's Avoided Unit;	26
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 20 years.	1,327.68

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APPENDIX C
VALUE OF CAPACITY LOCATION
VERSUS AVOIDED UNIT



FOR ILLUSTRATIVE PURPOSES ONLY

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Effective: September 20, 1991

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

81 SEP 20 11:00

THIS AGREEMENT is made and entered this 20th day of September, 1991, by and between Osceola Farms, Co. (hereinafter "the QF"), and Florida Power & Light Company (hereinafter "FPL") a private utility corporation organized under the laws of the State of Florida. The QF and FPL shall be identified herein as the "Parties".

WITNESSETH:

WHEREAS, 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 25-17.060 through 25-17.067 of Order No. 23623, Docket No. 891049-EU; and

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

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

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

1. Facility; Qualifying Status

The QF contemplates installing and operating a 44,000 KVA electrical generator located at Palm Beach County, Fla. (hereinafter called the "Facility"). The generator is designed to produce a maximum of 44,000 kilowatts (kW) of electric power at an 85% lagging to 85% leading power factor.

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 25-17.060 (1). The QF shall maintain the "qualifying" status of the Facility throughout the term of this Contract.

2. Term of Contract

Except as otherwise provided herein (e.g., Sections 7, 8, 9, 11, 12.3, 12.4), this Contract shall begin immediately upon its execution by the Parties and shall end at 12:01 a.m., December 31, 2026.

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

3. Minimum Specifications

As required by FPSC Rule 25-17.0632 (3) (e), below are the minimum specifications pertaining to this Contract:

1. Avoided unit(s) on which this Contract is based: 125 MW constituting the first stage of a 1998 907 MW Integrated Gasifier Combined Cycle generating unit.
2. Total Committed Capacity needed to fully subscribe the avoided unit (MW): 125 MW.
3. Expiration date: December 31, 1992.
4. Date by which firm capacity and energy deliveries from the QF to FPL shall commence: January 1, 1997, unless early capacity payments are received.
5. Period of time over which firm capacity and energy shall be delivered from the QF to FPL: 30 years (minimum of ten years, maximum of thirty years from January 1, 1997).

(Continued on Sheet No. 9.851)

Issued by: S. E. Frank, President
Effective: September 20, 1991

ATTACHMENT C

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

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

* On Peak hours as defined in Appendix C.

4. Sale of Electricity by the QF

4.1 Purchase by FPL

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

5. Payment for Electricity Produced by the Facility

5.1 Energy

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

Prior to January 1, 1997, the QF will receive energy payments based on FPL's as-available avoided energy costs. After January 1, 1997, the QF will receive energy payments determined on an hour-by-hour basis, as follows: (a) to the extent that FPL's Avoided Unit would have operated, the avoided energy costs shall be the Avoided Unit Fuel Cost as defined in Rate Schedule COG-2, and (b) to the extent that FPL's Avoided Unit would not have been operated, the avoided energy costs shall be FPL's as-available avoided energy costs calculated in accordance with FPSC Rule 25-17.0825 and FPL's Rate Schedule COG-1, as they may each be amended from time to time.

5.2 Capacity

5.2.1 Capacity Payment

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

5.2.2 Committed Capacity

It is the intent of the QF to sell 42,000 kW of Committed Capacity, beginning on April 1, 1996. The QF shall have the one-time option of finalizing its Committed Capacity after initial Facility testing, and specifying when capacity payments are to begin. Such option shall be exercised by providing formal written notice, in accordance with Section 12.9, informing FPL of the beginning date above, and of any adjustment in the Committed Capacity for small discrepancies between anticipated and actual capacity after Facility testing. Such adjustment shall be limited to +/- 7.5% of the QF's initial Committed Capacity, as long as the QF's Committed Capacity after such adjustment does not equal or exceed 75 MW. In the event such notice is not received by FPL prior to the commercial in-service date of the Facility or January 1, 1997, whichever occurs first, the Committed Capacity specified in this Section shall be considered as the QF's Committed Capacity.

5.3 Payments

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

5.4 Credits/Assessments for Clean Air Act Impacts

The QF shall be entitled to receive a credit to the extent that FPL's system requirements for SO₂ emission allowances are reduced as a result of purchasing firm capacity and energy from the QF instead of operating the Avoided Unit. Similarly, the QF shall be assessed a charge if FPL's system requirements for such allowances increase as a result of purchasing firm capacity and energy from the QF instead of operating the Avoided Unit.

In order to be eligible for a credit for SO₂ emission reductions the energy provided by the QF must be of equal value in reducing system-wide SO₂ emissions as the energy that would have been provided by the Avoided Unit.

The QF will receive a debit or a credit equal to the difference between the way the system would have operated utilizing the Avoided Unit and the way the system actually operated with the QF. The value of the emission credits or debits received by the QF will be the value at the time that the credits or debits were incurred by FPL.

6. Electricity Production and Plant Maintenance Schedule

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

6.2 By October 31 of each calendar year, FPL shall notify the QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL cannot accept any of the requested scheduled maintenance periods, FPL shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. 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.

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

6.4 Dispatch and Control

6.4.1 Power supplied by the QF hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of 69000 volts (69 kV) and power factor dispatchable and controllable in the range of 85% lagging to 85% leading as measured at the interconnection point to maintain system operating parameters, as specified by FPL.

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

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

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

(Continued on Sheet No. 9.253)

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

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

7. Completion Security

7.1 The QF shall provide FPL either (i) unconditional, irrevocable direct pay letter(s) of credit issued by bank(s) acceptable to FPL in form and substance acceptable to FPL (including, but not limited to, a provision for automatic renewals through _____ 199__ and sixty days' prior written notice by the issuing bank(s) to FPL of the issuing bank's(s) intention not to renew the letter(s) of credit, and a provision that, upon receipt of such notice, FPL may draw upon the letter(s) of credit in full), (ii) cash or (iii) surety bond(s) issued by a company(ies) acceptable to FPL, in form and substance acceptable to FPL. Such letters of credit, cash or surety bonds shall be in the amount of five hundred & twenty five thousand Dollars (\$ 525,000.000) (\$12.50 per kW) to assure completion of the Facility by January 1, 1997, and shall be provided or paid to FPL within ninety days of the execution of the Contract. Pursuant to FPSC Rule 25-17.091(4), a QF qualifying as a "Solid Waste Facility" whether or not receiving either advance funding or levelized capacity payments from FPL 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 the completion of the Facility.

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

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

8. Performance Security

In order to assure that the QF delivers firm capacity and energy in the amounts and at the times specified in this Contract, FPL shall require performance security in the amount of \$12.50 per kilowatt of Committed Capacity, to protect FPL's ratepayers from the QF's failure to so deliver firm capacity and energy, to be submitted on the later of (i) eighteen months after this Contract's execution, or (ii) three years prior to the date the QF must commence delivery of firm capacity and energy pursuant to Section 3.2.2 of this Contract. The QF may provide the performance security using either (a) cash, (b) unconditional, irrevocable direct pay letter(s) of credit issued by bank(s) acceptable to FPL, in form and substance, acceptable to FPL (including, but not limited to, a provision for automatic renewals through the date FPL releases the performance security and sixty days' prior written notice by the issuing bank(s) to FPL of the issuing bank's(s) intention not to renew the letter(s) of credit, and a provision that, upon receipt of such notice, FPL may draw upon the letter(s) of credit in full), or (c) surety bond(s) issued by a company(ies) acceptable to FPL, in form and substance acceptable to FPL. Pursuant to FPSC Rule 25-17.091(4), a QF qualifying as a "Solid Waste Facility" whether or not receiving either advance funding or levelized capacity payments from FPL 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 the performance of the Facility. The specific security for the QF's performance selected for purposes of this Contract is Surety bond.

(Continued on Sheet No. 9.24)

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(Continued from Sheet No. 9.853)

Such performance security shall be refunded or released, as applicable, upon demonstration, to FPL's reasonable satisfaction, over a six-month period following commercial operation, that the Facility can deliver the amount of capacity and energy specified in this Contract. The following test procedure shall be used to demonstrate that the QF can deliver the amount of capacity and energy specified in this Contract:

1. The QF shall select and schedule the test period, providing reasonable notice to FPL.
2. Up to three 72-hour tests may be conducted in the event that, during the first or second test, the Facility does not achieve the Committed Capacity.
3. The tests shall be adjusted to ambient conditions.
4. The tested capacity shall be the average capacity over the 72-hour test period.
5. Normal station service auxiliaries are required; however, no deliveries of cogenerated steam to the steam customer (if applicable) will be required.

Absent such timely demonstration that the Facility can achieve the Committed Capacity pursuant to Section 3.2.2, the performance security shall be forfeited to FPL to help defray the costs of replacement power.

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

The QF's payment choice pursuant to paragraph 3.2.1 may result in actual payments from FPL to the QF which exceed the payments which would have been received under the normal payment stream as described in Option A of Rate Schedule COG-2. The Parties recognize that either capacity payments paid prior to December 31, 1996, or levelized capacity payments which are initially in excess of the value of deferral of FPL's Avoided Unit are in the nature of "prepayment" for a future capacity deferral benefit to FPL. To ensure that FPL will receive the capacity deferral benefit for which early and levelized capacity payments have been made or, alternatively, that, in the event of default or termination of this Contract, the QF will repay the amount of these "prepayments" received to the extent the capacity benefit has not been conferred, the following provisions will apply:

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

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

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

10. **Performance Factor**

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

(Continued on Sheet No. 9.855)

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11. Default

Notwithstanding the occurrence of any Force Majeure as described in Section 12.3, 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) After the commercial operation date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described on Appendix C, of at least 60%; provided, however, such period shall be extended to eighteen consecutive months if (i) the QF determines that major equipment, including, but not limited to, the boiler and the turbine generator, needs replacement, (ii) within 60 days of failure, the QF provides to FPL, in writing, proof that such major equipment does need replacing, (iii) FPL concurs in such determination, and (iv) such major equipment is actually replaced;
- (c) After the commercial operation date, the Facility fails for any twenty-four consecutive months to maintain an Annual Capacity Billing Factor of at least 60%;
- (d) The QF ceases the conduct of active business; or if proceedings under the Federal Bankruptcy Act or insolvency laws shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;
- (e) The QF fails to give proper assurance of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance; or
- (f) The QF materially fails to perform as specified under this Contract, including the QF's obligations under Sections 6, 7, 8, 9, and 12.

Upon the occurrence of any of the foregoing Events of Default, FPL may, at its option, terminate this Contract without penalty or further obligation, 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.

12. General Provisions

12.1 Project Viability - To assist FPL in assessing the QF's financial and technical viability as required by Rule 25-17.0832(3) (d), the QF shall provide the following 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 documents may result in a determination of non-viability by FPL:

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

12.2 Permits

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

12.3 Indemnification

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

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

12.4 Insurance

12.4.1 The QF shall procure or cause to be procured a policy or policies of liability insurance issued by an insurer satisfactory to FPL on a standard "Insurance Services Office" commercial general liability form. An FPL certificate of insurance shall be delivered to FPL at least fifteen calendar days prior to the start of any interconnection work. At a minimum, the QF's policy(ies) shall contain (i) an endorsement providing coverage, including, but not limited to, products liability/completed operations coverage for the term of this Contract, and (ii) a broad form contractual liability endorsement covering liabilities which might arise under, or in the performance or nonperformance of, this Contract and the Parties' (interconnection) (transmission service) agreement dated Sept., 20, 1991, or caused by operation of any of the QF's equipment or by the QF's failure to maintain the QF's equipment in satisfactory and safe operating condition. Effective at least fifteen calendar days prior to the synchronization of the Facility with FPL's system, the policy(ies) shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards.

12.4.2 The QF's policy(ies) required under Section 12.4.1 shall have a minimum limit of \$1,000,000, per occurrence, combined single limit, for bodily injury (including death) or property damage. A higher limit of QF insurance may be provided if the QF deems it necessary.

12.4.3 In the event that such insurance becomes totally unavailable or procurement becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but FPL and the QF shall enter into negotiations to develop substitute protection which the Parties, in their reasonable judgment, deem adequate. Any premium assessment or deductible shall be for the account of the QF and not FPL Entities.

12.4.4 In the event that the policy(ies) is (are) on a "claims made" basis, the retroactive dates of the policy(ies) shall be the effective date of this Contract or such other date as to protect the interests of FPL Entities and QF Entities. Furthermore, if the policy(ies) is (are) 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; if coverage is on an "occurrence" basis, such insurance shall be maintained by the QF during the entire period of interconnection and performance by the Parties under this Contract.

The QF's policy(ies) shall not be canceled or materially altered without at least thirty calendar days' written notice to FPL. The QF's coverage must be reasonably acceptable to FPL.

(Continued on Sheet No. 9.257)

Issued by: S. E. Frank, President
Effective: September 20, 1991

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

12.4.6 FPL Entities shall be designated as an additional named insured under all the QF policy(ies), including any policy(ies) obtained at the election of the QF pursuant to Section 12.4.2.

12.5 Force Majeure

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

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

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

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

12.5.4 If the QF suffers an occurrence of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QF may, upon notice to FPL, temporarily adjust the Committed Capacity as provided in Sections 12.5.4.1 and 12.5.4.2. Such adjustment shall be effective the first calendar day immediately following FPL's receipt of the notice or such later date as may be specified by the QF. Furthermore, such adjustment shall be the minimum amount necessitated by Force Majeure.

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

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

12.5.4.3 Upon the conclusion of the cure for Force Majeure, the Committed Capacity shall be equal to the Committed Capacity that existed immediately prior to the Force Majeure.

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

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

12.6 Project Management

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

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

12.7 Assignment

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

12.8 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.

12.9 Notification.

All formal notices affecting the provisions of this Contract shall be delivered in person or 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:

Donald W. Carson
316 Royal Poinciana Plaza
Palm Beach, FL 33480

For FPL:

Mgr. Tech Svs. /BPM/ FPL
9250 W. Flagler St.
Miami Fla 33174

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 Technical Services and Regulatory Support
Bulk Power Markets Department

(Continued on Sheet No. 9.859)

Issued by: S. E. Frank, President
Effective: September 20, 1991

12.10 Applicable Law **91 SEP 20 11:08**

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

12.11 Taxation.

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from the Internal Revenue Services' determination, through audit, ruling or other authority, that FPL's early, levelized or early levelized capacity payments to the QF 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 early, levelized or early levelized 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.

12.12 Severability.

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

12.13 Complete Agreement and Amendments.

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

12.14 Survival of Contract.

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

IN WITNESS WHEREOF, the QF and FPL executed this Contract this 20th day of Sept, 1991

WITNESS

[Handwritten signature]

FLORIDA POWER & LIGHT COMPANY

[Handwritten signature]
Sr. Vice President Market & Regulatory Service
Date: November 19, 1991

WITNESS:

X *[Handwritten signature]*

[Handwritten signature] (QF)

Date: 9/20/91

(Continued on Sheet No. 9.860)

Issued by: S. E. Frank, President
Effective: September 28, 1991

(Continued from Sheet No. 9.859)

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

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

$$\text{MCP} = 0$$

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

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

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

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

Where:

MCP = Monthly Capacity Payment in dollars.

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

CC = Committed Capacity in MW.

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

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

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

Where:

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

(Continued on Sheet No. 9.861)

Issued by: S. E. Frank, President

Effective: September 20, 1991

(Continued from Sheet No. 9.860)

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

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

Issued by: S. E. Frank, President
Effective: September 20, 1991

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition of Florida Power &)
Light Company for Approval of)
Agreement to Buy Out Okeelanta)
Corporation and Osceola Farms, Co.)
Standard Offer Contracts)

Docket No. _____

Filed: July 28, 2000

AFFIDAVIT


STATE OF FLORIDA
COUNTY OF Miami Dade

BEFORE ME, the undersigned authority this day personally appeared Sam Waters, who, after being by me first duly sworn deposes, and says that:

1. My name is Sam Waters. I am the Director of Resource Planning for Florida Power and Light Company ("FPL"). Part of my job responsibilities with FPL include oversight of the Standard Offer Contracts between FPL and Okeelanta Corporation ("Okeelanta") and FPL and Osceola Farms, Inc. ("Osceola").

2. I have reviewed the Petition filed by FPL in this Docket. I have actual knowledge of the facts and representations set forth in the Petition and the same are true and correct.


FURTHER AFFIANT SAYETH NOT.



Sam Waters
Director of Resource Planning
Florida Power & Light Company

Sworn to and subscribed before me this 21 day of July, 2000, by Sam Waters, who is personally known to me or who has produced a Florida driver's license as identification.





Notary Public, State of Florida
Printed: Vivian Jimenez
My Commission Expires: Sept. 30, 2002