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ORIGINAL

September 14, 2001

Charles A. Guyton
850.222.3423

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
4075 Esplanade Way, Room 110
Tallahassee, FL 32399

By Hand Delivery

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COMMISSION CLERK

In Re: Petition For Approval of Florida Power & Light Company's Standard Offer Contract And For A Ruling That A Waiver Of A Portion Of Rule 25-17.0832(4), F.A.C. Is Unnecessary Docket No.

Dear Ms. Bayó:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are the original and fifteen (15) copies of the FPL's Petition for Approval of Standard Offer Contract and For a Ruling That a Waiver of a Portion of Rule 25-17.0832(4), F.A.C. is Unnecessary. Please note that attached to the petition as Attachments A (final format) and B (legislative format) are the following tariff sheets: Seventh Revised Sheet No. 9.858, Sixth Revised Sheet No. 9.853, Fourth Revised Sheet No. 9.855 and Third Revised Sheet No. 9.858, Seventh Revised Sheet No. 10.202, Twentieth Revised Sheet No. 10.203, Twenty-third Revised Sheet No. 10.204, Fifteenth Revised Sheet No. 10.206, Sixth Revised Sheet No. 10.212. These tariff sheets reflect the changes to FPL's COG-2 rate schedule and FPL's most recent standard offer contract for which FPL seeks Commission approval. There is no revenue impact associated with these proposed tariff revisions.

If you or your Staff have any questions regarding this filing, please contact me at 222-2300.

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MAS
FPSC-BUREAU OF RECORDS

Very truly yours,

Charles A. Guyton

Charles A. Guyton

Enclosure
TAL_1998/39925-1

DOCUMENT NUMBER-DATE
11490 SEP 14 01
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION **ORIGINAL**

In re: Petition of Florida Power & Light Company For Approval of Standard Offer	))	**Docket No. Filed: September 14, 2001**

PETITION FOR APPROVAL OF FLORIDA POWER & LIGHT COMPANY'S STANDARD OFFER CONTRACT AND FOR A RULING THAT A WAIVER OF A PORTION OF RULE 25-17.0832(4), F.A.C. IS UNNECESSARY

Florida Power & Light Company ("FPL"), pursuant to Section 366.051, Florida Statutes (2000) and Florida Administrative Code Rules 25-17.0832(4), 25-22.036(4) and 28-106.301, hereby petitions the Florida Public Service Commission ("Commission") to (1) approve its standard offer contract and a revised COG-2 tariff, copies of which are attached hereto as Attachments A and B, and (2) rule that a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code is not required for FPL to offer a standard offer contract while FPL has a RFP pending, or, in the alternative, grant a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code. The grounds for this Petition are:

1. The name and the address of the affected agency are:

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

2. FPL's address is 9250 West Flagler Street, Miami, FL 33174. Correspondence, notices, orders and other documents concerning this Petition should be sent to:

DOCUMENT NUMBER-DATE
11490 SEP 14 ō
FPSC-COMMISSION CLERK

Charles A. Guyton
Steel Hector & Davis LLP
Suite 601
215 S. Monroe St.
Tallahassee, FL 32301
(850) 222-2300

William G. Walker, III
Vice President, Regulatory Affairs
Florida Power & Light Company
9250 W. Flagler Street
Miami, FL 33174
(305) 552-4981

3. FPL is a public utility subject to Commission jurisdiction pursuant to Chapter 366, Florida Statutes. The Commission has jurisdiction pursuant to Chapter 366.051, Florida Statutes (2000) to establish rates at which a public utility shall purchase capacity or energy from a cogenerator or small power producer, and FPL invokes that jurisdiction in filing this petition. FPL has a substantial interest in the rates it pays cogenerators for capacity.

4. Under Rule 25-17.0832(4)(a), Florida Administrative Code, FPL may petition the Commission for approval of a standard offer contract available to (1) small power producers or qualifying facilities with a primary fuel that is at least 75 percent biomass, waste, solar or other renewable resource, (2) qualifying facilities with a design capacity of 100 kW or less, or (3) municipal solid waste facilities. FPL is petitioning for approval of a standard offer contract that would be available for each such entity, even though FPL recently issued a Request For Proposal ("RFP") in which any such entity could provide an offer for firm capacity and energy. In its RFP FPL is also separately seeking energy from renewable resources.

5. The rates and the terms of a standard offer are to be based upon the need for and be equal to "the avoided cost of deferring or avoiding the construction of additional generating capacity or parts thereof by the purchasing utility." Rule 25-17.0832(4)(b), F.A.C. FPL's current Ten-Year Site Plan on file with the Commission shows combustion turbines being installed at FPL's Martin plant site in both 2001 and 2002. The proposed standard offer

contract is predicated upon a five (5) MW portion of a 165 MW combustion turbine coming on line on January 1, 2002, like the combustion turbines planned for the Martin site. Thus, FPL's proposed standard offer contract complies with the Commission's standard offer rule. The economic and financial assumptions used in developing the standard offer contract, including the cost parameters of the combustion turbine, are included as Attachment C.

6. The Commission's rule regarding standard offer contracts does not state a public utility must seek approval of a standard offer contract prior to issuing a request for proposal. However, the rule does require that prior to the issuance of a timely notice of a RFP, the open solicitation period for the standard offer must end. Rule 25-17.0832(4)(e)5, F.A.C. FPL recently issued a RFP for additional capacity, and when it issued its RFP, it had closed its standard offer contract, so it was in compliance with Rule 25-17.0832(4)(e)5, Florida Administrative Code.

7. In prior proceedings before the Commission, other utilities have read the closing of the open solicitation period requirement of Rule 25-17.0832(4)(e)5, Florida Administrative Code as requiring them (1) to issue a standard offer contract prior to issuing a RFP and (2) prohibiting them from having a standard offer contract open during a RFP. FPL does not read either the Commission's standard offer rule or the Commission's RFP rule as requiring FPL to issue a standard offer contract before issuing a RFP or prohibiting FPL from petitioning for approval of a standard offer contract that would run during its RFP. However, in an abundance of caution, FPL is seeking either a Commission determination that a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code, is unnecessary for FPL to offer a

standard offer during its capacity RFP or, in the alternative, a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code. See, paragraphs 14-21 hereafter.

9. FPL is also seeking, by means of a separate petition being filed along with this petition, a waiver of Rule 25-17.0832(4)(e)7, Florida Administrative Code. That rule specifies that the minimum term for a standard offer contract shall be ten years. FPL is seeking approval of a standard offer contract with a minimum term of five years. Consequently, FPL seeks a waiver of the ten-year minimum term requirement of Rule 25-17.0832(4)(e)7, Florida Administrative Code. This requested waiver is consistent with the amendment recently proposed for Rule 25-17.0832(4)(e)7, Florida Administrative Code.

10. The revised standard offer contract tariff sheets for which FPL seeks Commission approval are: Seventh Revised Sheet No. 9.851, Sixth Revised Sheet No. 9.853, Fourth Revised Sheet No. 9.855, Third Revised Sheet No. 9.858. The revised COG-2 tariff sheets for which FPL seeks approval are: Seventh Revised Sheet No.10.202, Twentieth Revised Sheet No.10.203, Twenty-third Revised Sheet No.10.204, Fifteenth Revised Sheet No.10.206, Sixth Revised Sheet No. 10.212. These tariff sheets are attached in final format in Attachment A and in legislative format in Attachment B. These tariff sheets contain the same terms and conditions that were approved by the Commission in Order No. PSC-00-1748-PAA-EI.

11. FPL is not aware of any disputed issues of material facts.

12. This petition is not in response to a prior agency decision, so the petitioner cannot state when and how it "received notice of the agency decision."

13. FPL's standard offer contract should be approved. The Commission should rule that a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code is unnecessary for FPL to be able to offer a standard offer contract while FPL's capacity RFP is pending.

Request That A Waiver of Rule 25-17.0832(4)(e)5 Is Unnecessary

14. As previously noted, Rule 25-17.0832(4)(e)5, Florida Administrative Code, requires a utility to close its standard offer before issuing a RFP. FPL closed its standard offer well before it issued its capacity RFP. FPL's most recently approved standard offer contract was approved in September 2000 and closed in November 2000. See, Order No. PSC-00-1748-PAA-EI. Therefore, since FPL did not have a standard offer contract solicitation period open when it issued its capacity RFP on August 13, 2001, FPL was in compliance with Rule 25-17.0832(4)(e)5, Florida Administrative Code.

15. FPL seeks a Commission determination that FPL was in compliance with Rule 25-17.0832(4)(e)5, Florida Administrative Code by not having a standard offer contract solicitation period open when it issued its RFP and that FPL may offer a standard offer contract while FPL is conducting a RFP without seeking a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code. A waiver of the rule is unnecessary because the rule simply addresses the closing of a standard offer before the issuance of a RFP, not whether a utility may initiate a standard offer after issuing a RFP. If the Commission is not inclined to so rule, in the alternative, FPL seeks a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code, and asks that the Commission grant a waiver of the rule so that it may offer a standard offer contract during its capacity RFP.

16. Section 120.542, Florida Statutes (2000), addresses the standards for waivers and variances from rules. Subsection 2 states:

> Variances and waivers shall be granted when the person or subject to the rule demonstrates that the purpose of the underlying statute will or has been achieved by other means by the person and when the application of the rule would create substantial hardship or would violate principles of fairness. For purposes of this section, "substantial hardship" means a demonstrated economic, technological, legal, or other type of hardship to the person requesting the variance or waiver.

17. One of the purposes of the statute underlying the Commission's standard offer rule is "to encourage cogeneration and small power production." *In re: Petition of Florida Power & Light Company for approval of standard offer contract,* 00 FPSC 9:458, 460 (Order No. PSC-00-1748-PAA-EI). If a waiver of Rule 25-17.0832(4)(e)5., Florida Administrative Code, is necessary for FPL to have an open standard offer solicitation during a RFP, then the granting of such a waiver would achieve the purpose of the underlying statute by making the standard offer contract more available than it otherwise would be. Increased availability of standard offer contracts would encourage the development of cogeneration and small power production facilities.

18. If a waiver is of Rule 25-17.0832(4)(e)5, Florida Administrative Code, is required for FPL to be able to offer a standard offer contract during its pending RFP, then FPL and its customers would face substantial hardship if such a waiver were not granted. FPL needs to add substantial capacity to its system to meet its system reliability criteria in 2005 and 2006, either through securing purchased power agreements or turnkey projects pursuant to its pending RFP or through building capacity additions. If FPL is unable to complete negotiations or construction before it has a need for this capacity, its ability to meet

its customers' load requirements may seriously be jeopardized, potentially compromising customers' service.

19. If a waiver is of Rule 25-17.0832(4)(e)5, Florida Administrative Code, is required for FPL to be able to offer a standard offer contract during its pending RFP, and FPL is unable to secure such a waiver, then FPL may be placed in the position of having to suspend its capacity RFP while it issues a standard offer contract and holds a brief open solicitation period. This would seriously delay FPL's efforts to timely secure 1,750 MW of capacity. Such a delay could result in jeopardizing FPL's system reliability and the service provided to FPL's customers. Moreover, it is unnecessary for the encouragement of cogeneration and small power production, as FPL's RFP is available to cogenerators and small power producers, and FPL even has a separate part of the RFP for renewable resources such as those available for the standard offer.

20. The Commission has previously confronted the issue of whether a utility may offer a standard offer after issuing a capacity RFP and concluded, without granting a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code, that Gulf Power Company could issue a standard offer contract concurrent with its activities necessary for it to secure permitting and construct its next planned generating unit. See, *In re: Petition by Gulf Power Company for a waiver of Rule 25-17.0832(4), F.A.C., which sets forth requirements for filing a standard offer contract,* 99 FPSC 5:445, 448 (Order No. PSC-99-1091-PAA-EI). There the Commission stated that Gulf did not have to restart its RFP process if it issued a standard offer.

21. Thus, FPL seeks a determination that it does not have to seek a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code, to be able to offer a standard offer contract after initiating a RFP. No such waiver was required of Gulf Power Company, and none should be required of FPL. However, if such a waiver is required, FPL has met the criteria for granting such a waiver. The waiver would achieve the purpose of the underlying statute - the encouragement of cogeneration would be met. FPL and its customers would suffer substantial hardship - a potential compromise of system reliability and service quality associated with the delay in the RFP process - if the waiver were not granted.

WHEREFORE, FPL respectfully petitions the Commission to (1) approve FPL's standard offer contract and rate schedule COG-2 attached to this petition and (2) rule that a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code is not required for FPL to offer a standard offer contract while FPL has a RFP pending, or, in the alternative, grant a waiver of Rule 25-17.0832(4)(e)5, Florida Administrative Code.

Respectfully submitted,

STEEL HECTOR & DAVIS LLP
215 S. Monroe St., Suite 601
Tallahassee, Florida 32301-1804

Attorneys for Florida Power
& Light Company

By: Charles A. Guyton
Charles A. Guyton

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Petition For Approval of Florida Power & Light Company's Standard Offer Contract And For A Ruling That A Waiver Of A Portion Of Rule 25-17.0832(4), F.A.C. Is Unnecessary was mailed this 14th day of September, 2001 to the following:

Jack Shreve, Esquire
Office of Public Counsel
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400

Charles A. Guyton

ATTACHMENT A
(FINAL FORMAT)

(Continued from Sheet No. 9.850.1)

	On Peak *	Off Peak
Availability	98%	98%

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

4. Sale of Electricity by the QF

4.1 Purchase by FPL

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

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

5. Committed Capacity/Capacity Delivery Date

5 1 The QF commits to sell capacity to FPL, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5 3 the Committed Capacity is set at __________ kW, with an expected Capacity Delivery Date of January 1, 2002.

5 2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than 30 days following FPL's acceptance of the original Standard Offer Contract and testing must be completed by 11:59 p m , December 31, 2001. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1 Subject to Section 6 1 the QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test

5.3 In addition to the first Committed Capacity Test, FPL shall have the right to require the QF, by notice thereto, to validate the Committed Capacity by means of a Committed Capacity Test at any time, up to six (6) times per year, the results of which shall be provided to FPL within seven (7) days of the conclusion of such test On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 5 1.

5.4 Notwithstanding anything to the contrary herein, the Committed Capacity may not exceed the amount set forth in Section 5 1 without the consent of FPL, to be granted in FPL's sole discretion

5 5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test.

5.6 In no event shall FPL make capacity payments to the QF prior the the Capacity Delivery Date.

5.7 The QF shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or before January 1, 2002 (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before January 1, 2002, FPL shall immediately be entitled to draw down the Completion/Performance security in full, and in addition, FPL may, but shall not be obligated to, allow the QF up to an additional five (5) months to achieve the Capacity Delivery Date. If the QF fails to achieve the Capacity Delivery Date either (i) by January 1, 2002 or (ii) by such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and this Contract shall be rendered null and void and of no further effect.

(Continued on Sheet No. 9.852)

(Continued from Sheet No. 9.852)

8. Electricity Production and Plant Maintenance Schedule

8.1 No later than thirty (30) days prior to the Capacity Delivery Date, and prior to April 1 of each calendar year thereafter during the term of this Contract, the QF shall submit to FPL in writing a detailed plan of the amount of electricity to be generated by the Facility and delivered to FPL for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in capacity

8.2 By October 31 of each calendar year, FPL shall notify the QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL cannot accept any of the requested scheduled maintenance periods, FPL shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QF shall only schedule outages during periods approved by FPL, and such approval shall not be unreasonably withheld Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such event is due to Force Majeure, must obtain approval for such change from the other Party Such approval shall not be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to 7 days per calendar year In no event shall maintenance periods be scheduled during the following periods. June 1 through and including September 15 and December 1 through and including February 28 (or 29th as the case may be).

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

8.4 **Dispatch and Control**

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

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

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

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

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

(Continued on Sheet No. 9 853.1)

(Continued from Sheet No. 9.854.1)

12. Default

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

(a) The QF fails to maintain the "qualifying" status of the Facility obtained pursuant to one of the alternatives specified in Section 1 of this Contract;
(b) The QF changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;
(c) After the Capacity Delivery Date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 90%;
(d) The QF fails to comply with any of the provisions of Section 9.0 hereof;
(e) The QF fails to comply with any of the provisions of Section 10.0 hereof;
(f) The QF ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;
(g) The QF fails to give proper assurance of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance;
(h) The QF materially fails to perform as specified under this Contract, including, but not limited to, the QF's obligations under Sections 8, 9, 10, and 14-19.
(i) The QF fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than December 31, 2001;
(j) The QF fails to comply with any of the provisions of Section 19.3 hereof;
(k) Any of the representations or warranties made by the QF in this Contract is false or misleading in any material respect as of the time made;
(l) The occurrence of an event of default by the QF under the Interconnection Agreement;
(m) The QF fails to satisfy its obligations under Section 8.4.7 more than two (2) times in any calendar year;
(n) The QF breaches any material provision of this Contract not specifically mentioned in this Section 12; or
(o) If at any time after the Capacity Delivery Date, the QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

(Continued on Sheet No. 9.856)

(Continued from Sheet No. 9.857.2)

19.3 **Project Management**

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

19.3.2 The QF shall provide FPL with the final designer's/manufacturer's generator capability curves, protective relay types, proposed protective relay settings, main one-line diagrams, protective relay functional diagrams, and alternating current and direct current elementary diagrams for review and inspection at FPL.

19.4 **Assignment**

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

19.5 **Disclaimer**

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

19.6 **Notification**

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

For the QF:

____

____

____

____

For FPL:

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

This signed Contract and all related documents may be presented no earlier than 8.00 a.m. on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

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

Attention: Manager, Wholesale Services
Resource Assessment and Planning Department

(Continued on Sheet No. 9.859)

(Continued from Sheet No. 10.201)

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

Contract Year	Option A Normal Payment Starting 01/01/2002	Option B Fixed Value of Deferral Payments - Early Capacity 01/01/2002
2001	$0.00	0
2002	3.32	3.32
2003	3.40	3.40
2004	3.47	3.47
2005	3 55	3.55
2006	3.63	3.63

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

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

(Continued on Sheet No. 10.203)

(Continued from Sheet No. 10.202)

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

Contract Year	Option C Levelized Payment Starting 01/01/ 2002	Option D (Early O&M) Fixed Value of Deferral Payments - Early Levelized Capacity 01/01/2002
2001	0 00	0
2002	3 46	3 46
2003	3 46	3 46
2004	3.46	3.46
2005	3.47	3 47
2006	3.47	3.47

B. **Energy Rates**

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

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

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

(Continued on Sheet No. 10.204)

(Continued from Sheet No. 10.203)

(2) Payments Starting on January 1, 2002

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

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

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows In addition, avoided energy cost payments will include 0014¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
April 1, 2002 -September 30, 2002	4 58	3 55	3.86
October 1, 2002 - March 31, 2003	3.25	2 94	3 04
April 1, 2002- September 30, 2003	3 99	3 22	3 45
October 1, 2003 – December 31, 2003	3 72	3 24	3.39

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

ESTIMATED UNIT FUEL COST

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

$/MMBTU

2001	2002	2003	2004	2005	2006
4.73	3 82	3.85	3 91	3.96	4 02

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	1.0236
Secondary Voltage Delivery	1.0523

(Continued on Sheet No. 10.205)

(Continued from Sheet No. 10.205)

B. Interconnection Charge for Non-Variable Utility Expenses

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

C. Interconnection Charge for Variable Utility Expenses

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

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

Equipment Type	
Charge	
Metering Equipment	0.230%
Distribution Equipment	0.309%
Transmission Equipment	0.110%

D. Taxes and Assessments

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

TERMS OF SERVICE

(1) It shall be the QF's responsibility to inform the Company of any change in its electric generation capability.

(2) Any electric service delivered by the Company to a QF located in the Company's service area shall be subject to the following terms and conditions:

(a) A QF shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.

(b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:

(i) In the first year of operation, the security deposit should be based upon the singular month in which the QF's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QF. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.

(ii) For each year thereafter, a review of the actual sales and purchases between the QF and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QF exceed the actual sales to the Company in that month.

(Continued on Sheet No. 10.207)

APPENDIX II
TO RATE SCHEDULE COG-2
CAPACITY OPTION PARAMETERS

FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

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

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

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

ATTACHMENT B
(LEGISLATIVE FORMAT)

(Continued from Sheet No. 9.850 1)

	On Peak *	Off Peak
Availability	98%	98%

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

4. Sale of Electricity by the QF

4.1 Purchase by FPL

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

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

5. Committed Capacity/Capacity Delivery Date

5 1 The QF commits to sell capacity to FPL, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity") Subject to Section 5 3 the Committed Capacity is set at __________ kW, with an expected Capacity Delivery Date of January 1, 2002.

5 2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than 30 days following FPL's acceptance of the original Standard Offer Contract and testing must be completed by 11:59 p m , December 31, 2001 The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5 1. Subject to Section 6.1 the QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.

5 3 In addition to the first Committed Capacity Test, FPL shall have the right to require the QF, by notice thereto, to validate the Committed Capacity by means of a Committed Capacity Test at any time, up to six (6) times per year, the results of which shall be provided to FPL within seven (7) days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 5.1.

5 4 Notwithstanding anything to the contrary herein, the Committed Capacity may not exceed the amount set forth in Section 5.1 without the consent of FPL, to be granted in FPL's sole discretion.

5 5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test.

5.6 In no event shall FPL make capacity payments to the QF prior the the Capacity Delivery Date.

5.7 The QF shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs ~~on or after January 1, 2001 and~~ on or before January 1, 2002 (or such later date permitted by FPL pursuant to the following sentence) If the Capacity Delivery Date does not occur on or before January 1, 2002, FPL shall immediately be entitled to draw down the Completion/Performance security in full, and in addition, FPL may, but shall not be obligated to, allow the QF up to an additional five (5) months to achieve the Capacity Delivery Date. If the QF fails to achieve the Capacity Delivery Date either (i) by January 1, 2002 or (ii) by such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and this Contract shall be rendered null and void and of no further effect

(Continued on Sheet No. 9 852)

(Continued from Sheet No. 9.852)

8. Electricity Production and Plant Maintenance Schedule

8.1 No later than ~~sixty~~ thirty (30) ~~(60)~~ days prior to the Capacity Delivery Date, and prior to April 1 of each calendar year thereafter during the term of this Contract, the QF shall submit to FPL in writing a detailed plan of the amount of electricity to be generated by the Facility and delivered to FPL for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in capacity.

8.2 By October 31 of each calendar year, FPL shall notify the QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable If FPL cannot accept any of the requested scheduled maintenance periods, FPL shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QF shall only schedule outages during periods approved by FPL, and such approval shall not be unreasonably withheld Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such event is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed Scheduled maintenance outage days shall be limited to 7 days per calendar year. In no event shall maintenance periods be scheduled during the following periods: June 1 through and including September 15 and December 1 through and including February 28 (or 29th as the case may be).

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

8.4 **Dispatch and Control**

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

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

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

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

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

(Continued on Sheet No. 9.853.1)

(Continued from Sheet No. 9.854.1)

12. Default

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

(a) The QF fails to maintain the "qualifying" status of the Facility obtained pursuant to one of the alternatives specified in Section 1 of this Contract;

(b) The QF changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;

(c) After the Capacity Delivery Date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 90%;

(d) The QF fails to comply with any of the provisions of Section 9.0 hereof;

(e) The QF fails to comply with any of the provisions of Section 10.0 hereof;

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

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

(h) The QF materially fails to perform as specified under this Contract, including, but not limited to, the QF's obligations under Sections 8, 9, 10, and 14-19.

(i) The QF fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than December 31, 2001 ~~July 1, 2001~~;

(j) The QF fails to comply with any of the provisions of Section 19.3 hereof;

(k) Any of the representations or warranties made by the QF in this Contract is false or misleading in any material respect as of the time made;

(l) The occurrence of an event of default by the QF under the Interconnection Agreement;

(m) The QF fails to satisfy its obligations under Section 8.4.7 more than two (2) times in any calendar year;

(n) The QF breaches any material provision of this Contract not specifically mentioned in this Section 12; or

(o) If at any time after the Capacity Delivery Date, the QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

(Continued on Sheet No. 9.856)

(Continued from Sheet No. 9.857 2)

19.3 **Project Management**

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

19.3.2

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

19.4 **Assignment**

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

19.5 **Disclaimer**

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

19.6 **Notification**

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

For the QF:

____

____

____

____

For FPL:

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

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

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

Attention: Manager, Wholesale Services
Resource Assessment and Planning Department

(Continued from Sheet No. 10.201)

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

Contract Year	Option A Normal Payment Starting 01/01/2002	Option B Fixed Value of Deferral Payments - Early Capacity 01/01/~~2001~~2002
2001	$0.00	~~2.64~~0
2002	3.32	~~2.69~~3.32
2003	3.40	~~2.75~~3.40
2004	3.47	~~2.81~~3.47
2005	3.55	~~2.88~~3.55
2006	3.63	~~2.94~~3.63

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

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

(Continued on Sheet No. 10.203)

(Continued from Sheet No. 10.202)

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

	Option C Levelized Payment	Option D (Early O&M) Fixed Value of Deferral Payments - Early Levelized Capacity
Contract Year	Starting 01/01/ 2002	01/01/~~2001~~2002
2001	0.00	~~2.77~~ 0
2002	3 46	~~2.77~~3.46
2003	3.46	~~2.77~~3.46
2004	3 46	~~2.77~~3.46
2005	3 47	~~2.78~~3 47
2006	3.47	~~2.78~~3 47

B. **Energy Rates**

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

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

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

(Continued on Sheet No. 10.204)

(Continued from Sheet No. 10.203)

(2) Payments Starting on January 1, 2002

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

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

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. In addition, avoided energy cost payments will include .0014¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
April 1, 200~~0~~2 -September 30, 200~~0~~2	~~3.54~~4.58	~~3.11~~3.55	~~3.22~~3.86
October 1, 200~~0~~2 - March 31, 200~~1~~3	~~2.72~~3.25	~~2.52~~2.94	~~2.57~~3.04
April 1, 200~~1~~2- September 30, 200~~1~~3	~~2.99~~3.99	~~2.73~~3.22	~~2.80~~3.45
October 1, 200~~1~~3 – ~~March 31, 2002~~December 31, 200~~2~~3	~~302~~3.72	~~2.88~~3.24	~~2.92~~3.39

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

ESTIMATED UNIT FUEL COST

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

$/MMBTU

~~2000~~	2001	2002	2003	2004	2005	2006
~~3.13~~	~~3.04~~4.73	~~2.99~~3.82	~~2.99~~ 3.85	~~3.06~~ 3.91	~~3.13~~ 3.96	~~3.22~~ 4.02

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	~~1.0209~~1.0236
Secondary Voltage Delivery	~~1.0459~~1.0523

(Continued on Sheet No. 10.205)

(Continued from Sheet No. 10.205)

B. Interconnection Charge for Non-Variable Utility Expenses

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

C. Interconnection Charge for Variable Utility Expenses

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

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

Equipment Type Charge	
Metering Equipment	~~0.225~~0.230%
Distribution Equipment	~~0.325~~0.309%
Transmission Equipment	~~0.122~~0.110%

D. Taxes and Assessments

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

TERMS OF SERVICE

(1) It shall be the QF's responsibility to inform the Company of any change in its electric generation capability.

(2) Any electric service delivered by the Company to a QF located in the Company's service area shall be subject to the following terms and conditions:

(a) A QF shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.

(b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:

(i) In the first year of operation, the security deposit should be based upon the singular month in which the QF's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QF. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.

(ii) For each year thereafter, a review of the actual sales and purchases between the QF and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QF exceed the actual sales to the Company in that month.

(Continued on Sheet No. 10.207)

APPENDIX II
TO RATE SCHEDULE COG-2
CAPACITY OPTION PARAMETERS

FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for a one year deferral:			Value
VAC_m	=	Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$3 32
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.5933
I_n	=	total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of yearn;	\$372.11
O_n	=	total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	\$1 40
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2 2%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2 4%
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.78%
L	=	expected life of the Company's Avoided Unit;	30
n	=	year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	2002

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A_m	=	monthly capacity payments to be made to the QF starting as early as one year prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month;	~~\$ 2 64~~N/A
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit,	~~2 2%~~N/A
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit,	~~2 4%~~N/A
n	=	year for which early capacity payments to a QF are to begin;	~~Jan, 2001~~N/A
F	=	the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years;	~~\$161 06~~N/A
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	~~7.78%~~N/A
t	=	the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing one year prior to the in-service date of the Company's Avoided Unit;	~~6~~N/A
G	=	the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years.	~~\$6.31~~N/A

ATTACHMENT C

Attachment C

FPL's history and forecast of summer and winter peak demand, energy use, fuel prices, generating capacity, reserve margins, and generating capacity additions can be found in FPL's 2000 Ten Year Site Plan, filed with the Florida Public Service Commission on April 2, 2001.

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

Florida Power & Light Company
Standard Offer Contract
Economic Assumptions

AFUDC RATE

8.86%

CAPITALIZATION RATIOS

Debt	45.0%
Preferred	0%
Equity	55.0%

RATE OF RETURN

Debt	6.25%
Preferred	0%
Equity	11.0%

INCOME TAX RATE

State	5.5%
Federal	35.0%
Effective	38.575%

OTHER TAXES & INS.

1.75%

DISCOUNT RATE

7.78%

BOOK DEPRECIATION LIFE

30 Years

TAX DEPRECIATION LIFE

20 years

Florida Power & Light Company
Standard Offer Contract

Economic Escalation Assumptions

Year	General Inflation %	Plant Construction Cost %	Fixed O & M Cost %	Variable O & M Cost %
Inflation	2.4%	2.2%	2.4%	2.4%

Florida Power & Light Company
Standard Offer Contract
Unit Information

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

Installed Cost (In-Service Year 2002)

Total Installed Cost ($/kW)*	372.11
Direct Construction Cost ($/kW-00)	338.37
AFUDC Amount ($/kW)	29.80
Escalation ($/kW)	3.94
Fixed O & M ($/kW-yr) (in-service year)	1.40
Variable O & M (cents/kwh)	.0864
Assumed Capacity Factor	Approx. 10%
K Factor	1.5933

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

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

CAPITALIZATION RATIOS

Debt	45.0%
Preferred	0%
Equity	55.0%

RATE OF RETURN

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

CONSTRUCTION SPENDING CURVE

Year	% Construction Expenditures*
-2	45%
-1	55%

*To be applied to direct construction costs.

Florida Power & Light Company

Fixed Charge Calculations For Development of K Factor
Unit Type: Combustion Turbine
(Thousands of Dollars)

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

In-Service Cost	$61,399
Present Worth of Fixed Charges	$99,629
Less Equity Penalty	$1,804
Adjusted Present Worth of Fixed Charges	$97,825
Value of K	1.5933