

RUTLEDGE, ECENIA, PURNELL & HOFFMAN ORIGINAL

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

STEPHEN A. ECENIA
RICHARD M. ELLIS
KENNETH A. HOFFMAN
THOMAS W. KONRAD
MICHAEL G. MAIDA
MARTIN P. McDONNELL
J. STEPHEN MENTON

POST OFFICE BOX 551, 32302-0551
215 SOUTH MONROE STREET, SUITE 420
TALLAHASSEE, FLORIDA 32301-1841

TELEPHONE (850) 681-6788
TELECOPIER (850) 681-6515

R. DAVID PRESCOTT
HAROLD F. X. PURNELL
MARSHA E. RULE
GARY R. RUTLEDGE
GOVERNMENTAL CONSULTANTS
MARGARET A. MENDUNI
M. LANE STEPHENS

October 3, 2002

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

VIA HAND DELIVERY

Re: Docket No. 020233-EI

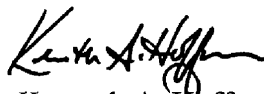
RECEIVED
FPSC
OCT - 3 PM 2:38
COMMISSION
CLERK

Dear Ms. Bayo:

Enclosed herewith for filing on behalf of Florida Power & Light Company, Florida Power Corporation and Tampa Electric Company (the "GridFlorida Companies") are the original and fifteen copies of the GridFlorida Companies' Compliance Filing.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me. Thank you for your assistance with this filing.

Sincerely,



Kenneth A. Hoffman, Esq.

AUS KAH/rl
CAF Enclosures
CMP F:\USERS\ROXANNE\FPL\Bayo103.ltr
COM
CTR
ECR
GCL
OPC
MMS
SEC
OTH

RECEIVED & FILED



FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER DATE

10704 OCT-3 02

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of GridFlorida) Docket No. 020233-EI
Regional Transmission) Filed October 3, 2002
Organization (RTO) Proposal)
_____)

**GRIDFLORIDA COMPANIES'
COMPLIANCE FILING**

Florida Power Corporation, Florida Power & Light Company, and Tampa Electric Company (referred to collectively as the "GridFlorida Companies") hereby submit this Compliance Filing for this Commission's review of conformance with Order No. PSC-02-1199-PAA-EI, issued September 3, 2002 ("Order"), and says

1. The names, addresses, telephone numbers, and facsimile numbers of the representatives of the GridFlorida Companies are set forth below. All pleadings, notices, staff recommendations, orders, and other documents filed or served in this proceeding should be forwarded to the following on behalf of the GridFlorida Companies:

WILLIAM G. WALKER
Florida Power & Light Company
215 S. Monroe Street, Suite 810
Tallahassee, FL 32301
Telephone: (850) 224-7197
Fax: (850) 224-7517

KENNETH A. HOFFMAN, Esq.
Rutledge, Ecenia, Purnell & Hoffman, P. A.
P. O. Box 551
Tallahassee, FL 32302
Telephone: (850) 681-6788
Fax: (850) 681-6515
On behalf of Florida Power & Light Co.

DOCUMENT NUMBER 10704

OCT-3 2002

FPSC-COMMISSION CLERK

HARRY W. LONG, JR., Esq.
Tampa Electric Company
Post Office Box 111
Tampa, FL 33601
Telephone: (813) 228-1702
Fax: (813) 228-1770

LEE L. WILLIS, Esq.
JAMES D. BEASLEY, Esq.
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
Telephone: (850) 224-9115
Fax: (850) 222-7952
On behalf of Tampa Electric Company

JAMES A. MCGEE, Esq.
Florida Power Corporation
Post Office Box 14042
St. Petersburg, FL 33733
Telephone: (727) 820-5185
Fax: (727) 820-5519
On behalf of Florida Power Corporation

2. As regulated electric utilities, the GridFlorida Companies' reasonable and prudent costs for providing retail electric service are recoverable through rates and charges approved by this Commission. The GridFlorida Companies also are public utilities subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") with respect to the provision of unbundled transmission service and wholesale electric service.

3. The Order requires the GridFlorida Companies, among other things, to:

- (i) clarify that all meetings of the Advisory Committee, and its subcommittees and working groups, will be noticed and open to the public;
- (ii) amend the GridFlorida Code of Conduct to further address the role of the Independent Compliance Auditor; and
- (iii) adopt language for the GridFlorida planning protocol (Attachment N to the GridFlorida

transmission tariff) further clarifying GridFlorida's role in construction of new projects. See Order at 77-78 (ordering paragraphs). The Commission required the GridFlorida Companies to make a compliance filing addressing these matters no later than October 3, 2002. See id. at 79.

4. In compliance with the Commission's directives, the GridFlorida Companies submit, in both clean and redlined formats, the GridFlorida RTO Formation Plan, the GridFlorida Code of Conduct, and Attachment N to the GridFlorida transmission tariff, each as amended to comply with the relevant portions of the Order. The GridFlorida Companies note that they are not at this time amending the GridFlorida documents to address any modification to GridFlorida required in the Order as a proposed agency action that was protested by a party to this proceeding.

5. The Commission in the Order found that "the GridFlorida Companies shall clarify that all meetings of the Advisory Committee, subcommittees and working groups are noticed and open to the public." Order at 28. In compliance, Section 4.4 of the RTO Formation Plan has been amended by adding the following provision: "All meetings of the Advisory Committee, its subcommittees and its working groups shall be open to the public and notice of all such meetings shall be posted on GridFlorida, Inc.'s website or equivalent form of electronic posting."

6. The Commission also required the GridFlorida Companies to amend Sections II.D.1 and II.K of the GridFlorida Code of Conduct to: (i) provide that the

Independent Compliance Auditor, not the GridFlorida Board of Directors, will determine if adverse financial consequences would result from a transfer by a prospective Director, officer, or employee of his or her pension account to an unrelated plan; and (ii) provide that the log of discretionary actions taken by Directors, officers, employees, and agents of GridFlorida related to the GridFlorida transmission tariff will be made available to the Independent Compliance Auditor in addition to FERC staff. See Order at 28-29. Those provisions have been amended accordingly.

7. Finally, as relevant here, the Order required two changes to Attachment N of the GridFlorida transmission tariff. First, the Commission required the GridFlorida Companies to amend Attachment N to provide specifically that GridFlorida will not require that construction of a transmission project be commenced when GridFlorida reasonably expects that regulatory approvals for construction and cost recovery will not be obtained. See Order at 47. Second, the Commission required the GridFlorida Companies to amend Attachment N to provide GridFlorida with a right to compare a participating transmission owner's actual construction costs to its bid amount when that transmission owner chooses to self-build facilities. See id. at 49. Sections VI and VII of the planning protocol have been amended accordingly. The GridFlorida Companies note in this regard that, while the Order references Section VIII of the planning protocol with regard to GridFlorida review of construction costs, the GridFlorida Companies believe Section VII is the appropriate provision to be amended. The GridFlorida Companies also

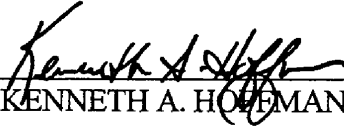
note that the additional requirement on page 49 of the Order that -- "[t]he appropriate regulatory body shall also require any entity which elects to self-build to provide its initial bid and any matched bid, as well as justifications of cost overruns, during any cost recovery proceeding" -- does not require any conforming changes to Attachment N, because, as noted, such disclosure would apply only to disclosure of relevant bid and cost information as ordered by the regulatory agency "during any cost recovery proceeding."

WHEREFORE, the GridFlorida Companies request the Commission to determine that this filing is in full compliance with the Order.

DATED this 3rd day of October, 2002.

WILLIAM G. WALKER
Florida Power & Light Company
215 S. Monroe Street, Suite 810
Tallahassee, FL 32301
Telephone: (850) 224-7197
Fax: (850) 224-7517

HARRY W. LONG, JR., Esq.
Tampa Electric Company
Post Office Box 111
Tampa, FL 33601
Telephone: (813) 228-1702
Fax: (813) 228-1770


KENNETH A. HOFFMAN, Esq.
Rutledge, Ecenia, Purnell & Hoffman, P. A.
P. O. Box 551
Tallahassee, FL 32302
Telephone: (850) 681-6788
Fax: (850) 681-6515
On behalf of Florida Power & Light Co.

LEE L. WILLIS, Esq.
JAMES D. BEASLEY, Esq.
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
Telephone: (850) 224-9115
Fax: (850) 222-7952
On behalf of Tampa Electric Company

JAMES A. MCGEE, Esq.
Florida Power Corporation
Post Office Box 14042
St. Petersburg, FL 33733
Telephone: (727) 820-5185
Fax: (727) 820-5519
On behalf of Florida Power Corporation

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of GridFlorida Companies' Compliance Filing has been furnished by Electronic Mail, this 3rd day of October, 2002, to the following:

FLORIDA PUBLIC SERVICE COMMISSION

William Cochran Keating, IV
Jennifer S. Brubaker
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
Ph: 850-413-6193
Fax: 850-413-6194
e-mail: wkeating@psc.state.fl.us
jbrubake@psc.state.fl.us

OFFICE OF PUBLIC COUNSEL

Office of Public Counsel
Jack Shreve/J. Roger Howe
111 W. Madison Street, #812
Tallahassee, FL 32399-1400
Ph: 850-488-9330
Fax: 850-488-4491
e-mail: howe.roger@leg.state.fl.us

TAMPA ELECTRIC COMPANY

Lee L. Willis
James D. Beasley
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
Ph: 850-224-9115
Fax: 850-222-7952
e-mail: lwillis@ausley.com
jbeasley@ausley.com
Attorneys for Tampa Electric Company

Harry W. Long, Jr.
Assistant General Counsel
Tampa Electric Company
Post Office Box 111
Tampa, Florida 33601
Ph: 813-228-7102
Fax: 813-228-1770
e-mail: hwlong@tecoenergy.com

Tampa Electric Company
Angela Llewellyn
Regulatory Affairs
Post Office Box 111
Tampa, FL 33601-0111
Ph: 813-228-1752
Fax: 813-228-1770
e-mail: allewellyn@tecoenergy.com

Michael J. Rustum
Dickstein Shapiro Morin & Oshinsky
2101 L Street N.W.
Washington, DC 20037-1526
Ph: 202-861-9178
Fax: 202-887-0689
e-mail: rustumm@dsmo.com

FLORIDA POWER CORPORATION

Florida Power Corporation
James A. McGee, Esquire
Post Office Box 14042
St. Petersburg, FL 33733
Ph: 727-820-5184
Fax: 727-820-5519
e-mail: jmcgee@tampabay.rr.com
Attorney for Florida Power Corporation

Gary L. Sasso
James M. Walls
Carlton Fields Law Firm
Post Office Box 2861
St. Petersburg, FL 33731
Ph: 727-821-7000
Fax: 727-822-3768
e-mail: gsasso@carltonfields.com

David Goroff
Peter K. Matt
Bruder, Gentile & Marcoux, L.L.P.
1100 New York Avenue, N.W.
Suite 510-East
Washington, D.C. 20005-3934
Ph: 202-783-1350
Fax: 202-737-9117
e-mail: degoroff@brudergentile.com
Attorneys for Florida Power Corporation

Florida Power Corporation
Paul Lewis, Jr.
106 East College Avenue, Suite 800
Tallahassee, FL 32301-7740
Ph: 850-222-8738, 727-820-5184
Fax: 850-222-9768
e-mail: paul.lewisjr@pgnmail.com

FLORIDA POWER & LIGHT CO.

Rutledge Law Firm
Kenneth Hoffman
Post Office Box 551
Tallahassee, FL 32301
Ph: 850-681-6788
Fax: 850-681-6515
e-mail: ken@reuphlaw.com
Attorneys for Florida Power & Light Co.

Bill Walker
215 South Monroe Street, Suite 810
Tallahassee, FL 32301-1859
Ph: 850-521-3900
Fax: 850-521-3939
e-mail: bill_walker@fpl.com

R. Wade Litchfield, Esq.
Law Department
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0429
Ph: 561-691-7101
Fax: 561-691-7135
e-mail: wade_litchfield@fpl.com

**CALPINE CORPORATION
DUKE ENERGY NORTH AMERICA
MIRANT AMERICAS DEVELOPMENT
INC.**

Leslie J. Paugh, P.A.
Post Office Box 16069
Tallahassee, FL 32317-6069
Ph: 850-656-3411
Fax: 850-656-7040
e-mail: lpaugh@paugh-law.com
Attorneys for Calpine Corporation,
Mirant Americas Development, Inc.
Duke Energy North America
Calpine Corporation
Thomas W. Kaslow
The Pilot House, 2nd Floor
Lewis Wharf
Boston, MA 02110
Ph: 617-723-7200, ex. 393
Fax: 617-557-5353
e-mail: tkaslow@calpine.com

Duke Energy North America
Lee E. Barrett
5400 Westheimer Court
Houston, TX 77056-5310
Ph: 713-627-6519
Fax: 713-627-6566
e-mail: lebarrett@duke-energy.com

Mirant Americas Development, Inc.
Beth Bradley
1155 Perimeter Center West
Atlanta, GA 30338-5416
Ph: 678-579-3055
Fax: 678-579-5819
e-mail: beth.bradley@mirant.com

**DYNEGY INC., PUBLIX,
ORLANDO UTILITIES COMMISSION**

Gray, Harris & Robinson, P.A. (Orl)
Thomas Cloud/W.C. Browder/P. Antonacci
301 East Pine Street, Suite 1400
Orlando, FL 32801
Ph: 407-244-5624, 407-843-8880
Fax: 407-244-5690
e-mail: tcloud@grayharris.com
cbrowder@grayharris.com
Attorneys for Dynegy, Publix and OUC

Orlando Utilities Commission
Wayne Morris/Thomas Washburn
Post Office Box 3193
Orlando, FL 32802-3193
Ph: 407-423-9100, 407-384-4066
Fax: 407-423-9198
e-mail: twashburn@ouc.com

Dynegy Inc.
David L. Cruthirds
1000 Louisiana Street, Suite 5800
Houston, TX 77002-5050
Ph: 713-507-6785
Fax: 713-507-6834
e-mail: david.cruthirds@dynegy.com

Publix Super Markets, Inc.
John Attaway
Post Office Box 32015
Lakeland, FL 33802-2018
Ph: 863-686-8754
Fax: 863-616-5704
e-mail: johnattaway@mail.publix.com

**SEMINOLE ELECTRIC
COOPERATIVE, INC., SEMINOLE
MEMBER SYSTEMS**

Foley & Lardner Law Firm
Thomas J. Maida/N. Wes Strickland
106 East College Ave., Suite 900
Tallahassee, FL 32301-3369
Ph: 850-222-6100, 850-513-3369
Fax: 850-224-3101
e-mail: tmaida@foleylaw.com
nstrickland@foleylaw.com
Attorneys for Seminole Electric Coop.

William T. Miller
Miller Law Firm
1140 19th St., NW, Suite 700
Washington, DC 20036
Ph: 202-296-2960
Fax: 202-296-0166
e-mail: wmiller@mbolaw.com
Attorneys for Seminole Electric
Cooperative, Inc.

Seminole Electric Cooperative, Inc.
Timothy Woodbury
16313 North Dale Mabry Highway
Tampa, FL 33688-2000
Ph: 813-963-0994
Fax: 813-264-7906
e-mail: twoodbury@seminole-electric.com

**FLORIDA ELECTRIC
COOPERATIVES ASSOC., INC.**

Michelle Hershel
2916 Apalachee Parkway
Tallahassee, FL 32301
Ph: 850-877-6166
Fax: 850-656-5485
e-mail: mhershel@feca.com

**CPV ATLANTIC, LTD., PG&E
NATIONAL ENERGY GROUP CO.**

Jon Moyle/Cathy Sellers/Dan Doorakian
Moyle Law Firm
The Perkins House, 118 N Gadsden St.
Tallahassee, FL 32301
Ph: 850-681-3828
Fax: 850-681-8788
e-mail: jmoylejr@moylslaw.com
Attorneys for CPV Atlantic, Inc.
PG&E National Energy Group Co.

CPV Atlantic, Ltd.
146 NW Central Park Plaza, Suite 101
Port Saint Lucie, FL 34986

PG&E National Energy Group Co.
Melissa Lavinson
7500 Old Georgetown Road
Bethesda, MD 20814
Ph: 301-280-6887
Fax: 301-280-6379
e-mail: melissa.lavinson@neg.pge.com

**RELIANT ENERGY POWER
GENERATION, INC.**

McWhirter Law Firm
Vicki Kaufman/Joseph McGlothlin
117 S. Gadsden Street
Tallahassee, FL 32301
Ph: 850-222-2525
Fax: 850-222-5606
e-mail: jmcglothlin@mac-law.com
vkaufman@mac-law.com
Attorneys for Reliant Energy Power
Generation, Inc.

Reliant Energy Power Generation, Inc.
Michael Briggs
801 Pennsylvania Ave., Suite 620
Washington, DC 20004
Ph: 202-783-7220
Fax: 202-783-8127
e-mail: mbriggs@reliant.com

**FLORIDA INDUSTRIAL POWER
USERS GROUP**

McWhirter Law Firm
John McWhirter
Post Office Box 3350
Tampa, FL 33601-3350
Ph: 813-224-0866
Fax: 813-221-1854
e-mail: jmcwhirter@mac-law.com
Attorneys for Florida Industrial Power
Users Group

**REEDY CREEK IMPROVEMENT
DISTRICT
WALT DISNEY WORLD**

Sutherland Asbill & Brennan LLP
Daniel Frank
1275 Pennsylvania Ave., NW
Washington, DC 20004-2415
Ph: 202-383-0838, 202-383-0100
Fax: 202-637-3593
e-mail: dfrank@sablslaw.com
Attorneys for Reedy Creek and
Walt Disney World

John Giddens
Reedy Creek Improvement District
Post Office Box 10000
Lake Buena Vista, FL 32830
Ph: 407-824-4892
Fax: 407-824-5396
e-mail: john.giddens@disney.com

Lee Schmudde
1375 Lake Buena Drive
Fourth Floor North
Lake Buena Vista, FL 32830

**FLORIDA MUNICIPAL POWER
AGENCY**

Frederick M. Bryant/Jody Lamar Finklea
2061-2 Delta Way
Tallahassee, FL 32303
Ph: 850-297-2011
Fax: 850-297-2014
e-mail: fred.bryant@fmpa.com
jody.lamar.finklea@fmpa.com
Attorneys for Florida Municipal Power
Agency

Spiegel & McDiarmid
Cynthia Bogorad/David Pomper/J. Schwarz
1350 New York Ave., NW, Suite 1100
Washington, DC 20005-4798
Ph: 202-879-4000
Fax: 202-393-2866
e-mail:
cynthia.bogorad@spiegelmc.com
Co-counsel for Florida Municipal Power
Agency

Florida Municipal Power Agency
Robert C. Williams
8553 Commodity Circle
Orlando, FL 32819-9002
Ph: 407-355-7767
Fax: 407-355-5794
e-mail: bob.williams@fmpa.com

**CITY OF TALLAHASSEE
LAKELAND ELECTRIC
GAINESVILLE/KISSIMMEE**

John & Hengerer Law Firm
Douglas John/Matthew Rick
1200 17th Street, NW
Suite 600
Washington, DC 20036-3013
Ph: 202-429-8801, 202-429-8809
Fax: 202-429-8805
e-mail: djohn@jhenergy.com
mrick@jhenergy.com
Attorneys for City of Tallahassee, Lakeland
Electric, Gainesville and Kissimmee

City of Tallahassee
Pete Koikos
100 West Virginia Street
Fifth Floor
Tallahassee, FL 32301
Ph: 850-891-6893
Fax: 850-891-6890
e-mail: koikosp@talgov.com

City of Tallahassee
Paul Clark
400 East Van Buren Street
Fifth Floor
Tallahassee, FL 32301
Ph: 850-891-3130
Fax: 850-891-3138
e-mail: clarkp@talgov.com

Gainesville Regional Utilities/
City of Gainesville
Ed Regan
Post Office Box 147117, Station A136
Gainesville, FL 32614-7117
Ph: 352-334-1272, 352-334-3400x1260
Fax: 352-334-3151
e-mail: reganej@gru.com

Kissimmee Utility Authority
Robert Miller
1701 West Carroll Street
Kissimmee, FL 32746
Ph: 407-933-7777
Fax: 407-847-0787
e-mail: rmiller@kua.com

Lakeland Electric
Paul Elwing
501 E. Lemon Street
Lakeland, FL 33801-5079
Ph: 863-834-6531
Fax: 863-834-6362
e-mail: paul.elwing@lakelandgov.net

**JACKSONVILLE ELECTRIC
AUTHORITY**

Suzanne Brownless, P.A.
1975 Buford Blvd.
Tallahassee, FL 32308-4466
Ph: 850-877-5200
Fax: 850-878-0090
e-mail: sbrownless@comcast.net
Attorney for JEA

P. G. Para
21 West Church Street
Jacksonville, FL 32202-3139
Ph: 904-665-6208
Fax: 904-665-4238
e-mail: parapg@jea.com

Dick Basford & Associates, Inc.
5616 Fort Sumter Road
Jacksonville, FL 32210
Ph: 904-771-3575
Fax: 573-7971
e-mail: dbasford@attbi.com

Michael Wedner
117 West Duval Street, Suite 480
Jacksonville, FL 32202
Ph: 904-630-1834
Fax: 904-630-1316
e-mail: mwedner@coj.net

**SOUTH FLORIDA HOSPITAL and
HEALTHCARE ASSOCIATION**

Mark Sundback/Kenneth Wiseman
Andrews & Kurth Law Firm
1701 Pennsylvania Ave., NW, Suite 300
Washington, DC 20006
Ph: 202-662-2700
Fax: 202-662-2739
e-mail: msundback@andrews-kurth.com
Attorneys for South Florida Hospital and
Healthcare Association

South Florida Hospital and Healthcare
Association
Linda Quick
6363 Taft Street
Hollywood, FL 33024
Ph: 954-964-1660
Fax: 954-962-1260
e-mail: lquick@sfhha.com

FLORIDA RETAIL FEDERATION

Greenberg, Traurig Law Firm
Ron LaFace/Seann M. Frazier
101 E. College Ave.
Tallahassee, FL 32301
Ph: 850-222-6891
Fax: 850-681-0207
e-mail: lafacer@gtlaw.com
fraziers@gtlaw.com
Attorneys for Florida Retail Federation

Florida Retail Federation
100 E. Jefferson Street
Tallahassee, FL 32301
Ph: 850-222-3461
Fax: none
e-mail: bkelly@scholarship.org

TRANS-ELECT, INC.

Katz, Kutter Law firm
Bill Bryant, Jr./Natalie Futch
12th Floor
106 East College Avenue
Tallahassee, FL 32301
Ph: 850-224-9634
Fax: 850-222-0103
e-mail: natalief@katzlaw.com
Attorneys for Trans-Elect, Inc.

Trans-Elect, Inc.
Alan J. Statman, General Counsel
1200 G Street NW, Suite 600
Washington, DC 20005
Ph: 202-393-1200
Fax: 202-393-1240
e-mail: statman@wrightlaw.com

**SOLID WASTE AUTHORITY OF
PALM BEACH COUNTY
FLORIDA PHOSPHATE COUNCIL
FLORIDA INDUSTRIAL
COGENERATION ASSOC.**

Richard Zambo
598 SW Hidden River Ave.
Palm City, FL 34990
Ph: 772-220-9163
Fax: 772-220-9402
e-mail: richzambo@aol.com
Attorney for Solid Waste Authority
Florida Phosphate Council
Florida Industrial Cogeneration Assoc.

Solid Waste Authority
Dr. Marc C. Bruner
7501 North Jog Road
West Palm Beach, FL 33412
Ph: 561-640-4000, ex. 5607
Fax: 561-640-3400
e-mail: mcbruner@swa.org

Florida Phosphate Council
Susan Barfield
1435 East Piedmont Drive, Suite 211
Tallahassee, FL 32308
Ph: 850-224-8238
Fax: 850-224-8061
e-mail: susan@flaphos.org

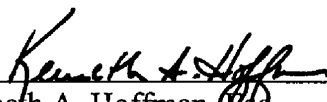
LEE COUNTY

Landers Law Firm
Wright/LaVia
310 West College Avenue
Tallahassee, FL 32301
Ph: 850-681-0311
Fax: 850-224-5595
e-mail:
swright@landersandparsons.com
jlavia@landersandparsons.com
Attorneys for Lee County

David Owen, Esq.
Assistant County Attorney
Lee County
Post Office Box 398
Ft. Myers, FL 33902
Ph: 941-333-2236
Fax: 941-335-2606
e-mail: owend@leegov.com

SUGARMILL WOODS CIVIC ASSOC.

Michael Twomey
Post Office Box 5256
Tallahassee, FL 32314-5256
Ph: 850-421-9530
Fax: 850-421-8543
e-mail: miketwomey@talstar.com
Attorney for Sugarmill Woods Civic Assoc.

By: 
Kenneth A. Hoffman, Esq.

RTO FORMATION PLAN

Florida Power & Light Company ("FPL"), Florida Power Corporation ("FPC"), and Tampa Electric Company ("TEC", and collectively with FPL and FPC, the "Applicants") desire to form an RTO in the State of Florida. This RTO Formation Plan (the "Plan") is attached to the Applicants' Order No. 2000 Compliance Filing (the "Filing") filed with the Federal Energy Regulatory Commission (the "FERC"). This Plan describes the Applicants' plans to form the RTO.

ARTICLE I **Definitions**

The following capitalized terms used in this Plan shall have the meanings set forth below:

"Advisory Committee" has the meaning set forth in Section 4.1 hereof.

"Affiliate" means an affiliate, as defined by the FERC in Order No. 2000.

"Agency Agreement" means an Agency Agreement in the form attached hereto as Exhibit D.

"Articles of Incorporation" means the Articles of Incorporation of GridFlorida, Inc., attached hereto as Exhibit A.

"Board Selection Committee" has the meaning set forth in Section 3.1 hereof.

"Business Day" means any day (other than a day which is a Saturday, Sunday or legal holiday in the State of Florida).

"By-Laws" means the By-Laws of GridFlorida, Inc., attached hereto as Exhibit B.

"Chairman" has the meaning set forth in Section 3.4 hereof.

"Code of Conduct" means the Code of Conduct as applicable to GridFlorida, Inc., as approved by the FERC and in effect from time to time.

"Compliance Auditor" has the meaning set forth in Section 5.1 hereof.

"Confidentiality Policy" has the meaning set forth in Section 3.3 hereof.

"FERC" means the Federal Energy Regulatory Commission, or any successor entity thereto.

"GridFlorida, Inc." means that certain Florida not for profit corporation to be formed by the Applicants as contemplated herein, which entity shall serve as the RTO contemplated to be formed hereby.

"GridFlorida LLC" means that certain Florida limited liability company initially formed by the Applicants in connection with the Applicant's original Filing, which entity was organized to undertake certain start-up activities, and incur related costs and expenses, in connection with developing the RTO contemplated to be formed hereby.

"Immediate Family" means, with respect to a person, such person's spouse and dependent children.

"Initial Designation" has the meaning set forth in Section 4.3 hereof.

"Market Monitor" has the meaning set forth in Section 6.6 hereof.

"Market Monitoring Corporation" has the meaning set forth in Section 6.2 hereof.

"Market Participant" has the meaning ascribed to such term in Order No. 2000.

"Monitor Search Firm" has the meaning set forth in Section 6.3 hereof.

"Order No. 2000" means Order No. 2000 issued by the FERC and all supplements and amendments thereto.

"Participating Owner" means an owner of transmission facilities within the geographic region in which GridFlorida, Inc. provides transmission service that has provided GridFlorida, Inc. with notice that it intends to execute and deliver to GridFlorida, Inc. a POMA and an Agency Agreement in the forms attached hereto as Exhibit C and D, respectively.

"Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, governmental entity or any department or agency thereof.

"Plan" means this RTO Formation Plan together with all of the Exhibits attached hereto.

"POMA" means a Participating Owners Management Agreement in the form attached hereto as Exhibit C.

"Pooled Stakeholder" has the meaning set forth in Section 4.3 hereof.

"RTO" means an RTO as defined by Order No. 2000, or any subsequent order or rulemaking issued or made by the FERC relating to the same.

"Search Firm" has the meaning set forth in Section 3.3 hereof.

ARTICLE II

Formation of GridFlorida Inc. and Dissolution of GridFlorida LLC

2.1. RTO. The Applicants intend to form an RTO in the State of Florida by effecting the formation of GridFlorida, Inc., a Florida not for profit corporation which shall serve as such RTO, as contemplated by this Plan.

2.2. GridFlorida, Inc.. The Applicants shall cause, as soon as practicable following the selection of the initial board of GridFlorida, Inc., as contemplated by Article III hereof, the formation of GridFlorida, Inc. as a Florida not for profit corporation, including, without limitation, filing, or causing to be filed, the Articles of Incorporation, in the form attached hereto as Exhibit A, with the Secretary of State of the State of Florida and taking, or causing to be taken, any and all such further actions as shall be necessary to effect the formation of GridFlorida, Inc. as contemplated hereby and in the Articles of Incorporation and the By-Laws.

2.3. GridFlorida LLC. As soon as practicable following the formation of GridFlorida, Inc., (i) GridFlorida LLC shall transfer and assign all of its assets and liabilities to GridFlorida, Inc., (ii) GridFlorida, Inc. shall accept and assume all of the assets and liabilities of GridFlorida LLC, (iii) following the foregoing transfer, assignment, acceptance and assumption, the Applicants shall cause GridFlorida LLC to be dissolved in accordance with Florida law, and (iv) GridFlorida LLC, GridFlorida, Inc. and the Applicants shall take, or cause to be taken, any and all such further actions as shall be necessary to effect the foregoing.

2.4 POMA and Agency Agreement. As soon as practicable following the formation of GridFlorida, Inc., GridFlorida, Inc. shall execute and deliver to each of FPL, FPC, TEC and each Participating Owner (and each of FPL, FPC, TEC and each Participating Owner shall execute and deliver to GridFlorida, Inc.) the POMA and an Agency Agreement in the forms attached hereto as Exhibit C and D, respectively.

ARTICLE III **Board Selection**

3.1. Board Selection Committee. A board selection committee (the "Board Selection Committee") shall be established which shall be charged with the responsibility of selecting the initial slate of directors for GridFlorida, Inc. and electing subsequent directors for GridFlorida, Inc., as contemplated hereby. The Board Selection Committee shall consist of up to nine representatives (or less if each seat on the Board Selection Committee is not filled), with each of the following stakeholder groups being entitled to appoint up to that number of representatives that follows: (i) three representatives of investor owned utilities that are owners of transmission facilities within the geographic region in which GridFlorida, Inc. provides transmission service; (ii) one representative of non-investor owned electric utilities that distribute electricity at retail within the geographic region in which GridFlorida, Inc. provides transmission service; (iii) one representative of generation and transmission cooperatives and municipal joint action agencies that sell electricity at wholesale within the geographic region in which GridFlorida, Inc. provides transmission service; (iv) one representative of entities that own or are developing generation facilities whose output will be delivered over facilities controlled by GridFlorida, Inc.; (v) one representative of power marketers and brokers; (vi) one representative of governmental or non-profit organizations that are not utilities, represent end-use consumers' economic or environmental interests and are located within the geographic region in which GridFlorida, Inc. provides transmission

services; and (vii) one representative that is selected by the Florida Public Service Commission, provided, however, that if the Florida Public Service Commission declines to select such representative, such representative shall be appointed by the Advisory Committee (as defined in Section 4.1 of this Plan). Each stakeholder group identified in clauses (i) through (vi) of the immediately preceding sentence and the Advisory Committee, as applicable, shall determine the method for selecting, replacing and determining the term of service of its representative(s) on the Board Selection Committee. No single entity (including affiliates and other entities with which there is a pending merger) shall participate in more than one stakeholder group or have more than one representative on the Board Selection Committee. In order to become a member of one of the foregoing stakeholder groups for purposes of participating in the selection of its representative(s) to the Board Selection Committee, an entity must become and remain a member of the correlative stakeholder group identified in Section 4.2 of this Plan, in compliance with all of the requirements associated therewith set forth in Article IV of this Plan. Under no circumstance shall an individual be selected or permitted to serve as a representative to the Board Selection Committee if such individual is then serving as a representative to the Advisory Committee. Each stakeholder group and the Advisory Committee, as applicable, shall endeavor to select as its representative to the Board Selection Committee an individual who has senior-level management experience. As soon as practicable following the formation of the Board Selection Committee, the Board Selection Committee shall meet to elect a chairman and a vice-chairman and to determine all procedures that are necessary or advisable for the Board Selection Committee to take action and conduct its affairs in accordance with the terms of this Plan, including procedures for electing subsequent chairmen and vice-chairmen.

3.2. Director Qualifications. In addition to the qualifications for directors of GridFlorida, Inc. contained in the Articles of Incorporation and the By-Laws, those persons chosen to serve as directors of GridFlorida, Inc. shall also have qualifications equivalent to those of directors of corporations with equivalent or larger revenues and assets than that anticipated for GridFlorida, Inc. and shall reflect, as much as is practicable, a mix of backgrounds and experience (including, as appropriate, experience in areas such as finance, accounting, engineering, utility regulation, system planning or operations, utilizing transmission services, and/or commercial market trading or risk management); provided, however, that experience in the electric industry is not a prerequisite to serving as a director of GridFlorida, Inc. In addition, those persons selected as directors of GridFlorida, Inc. shall be of a caliber that will engender credibility in the marketplace and provide GridFlorida, Inc. with quality and experienced leadership.

3.3. Search Firm. The Board Selection Committee shall retain a nationally recognized search firm (such firm retained, the "Search Firm") to propose to the Board Selection Committee a pool of between twelve (12) and fifteen (15) candidates to be considered for election as initial directors of GridFlorida, Inc., which candidates must (i) satisfy all of the qualifications described in Section 3.2 hereof, the Articles of Incorporation and the By-Laws and (ii) agree, if elected, to serve as directors of GridFlorida, Inc. and take all such other actions required to be taken by the directors of GridFlorida, Inc. as contemplated under this Plan. In submitting its pool of proposed candidates to the Board Selection Committee, the Search Firm shall identify which candidates, from among those proposed, are its preferred candidates for election as initial directors and the reasons therefor. The Board Selection Committee shall require the Search Firm to propose an initial pool of candidates to the Board Selection Committee as soon as practicable following its retention of the Search Firm, with the goal of submitting such initial pool to the Board Selection Committee within sixty (60) days of such retention. Except for such disclosure as may be necessary for customary reference checks and for advising individuals proposed by the Search Firm of the names of other individuals so proposed, the identities of those individuals proposed by the Search Firm to the Board Selection Committee shall be kept in the strictest confidence by both the Search Firm and the Board Selection Committee; provided, however, that the Board Selection Committee shall publicly declare its slate of candidates for election as initial directors of GridFlorida, Inc. pursuant to Section 3.4 hereof. The Board Selection Committee, in consultation with the Search Firm, shall develop such policies and procedures as it deems necessary or advisable to safeguard the confidentiality of its deliberations, the identity of individuals proposed by the Search Firm, or any subsequent search firm, and such other confidential information that may be provided to or developed by the Board Selection Committee (such policies and procedures, as amended or revised from time to time, collectively the "Confidentiality Policy"). The Search Firm, any subsequent search firm, and all representatives to the Board Selection Committee, including subsequent representatives to the Board Selection Committee, shall be, and shall agree to be, bound by such Confidentiality Policy. In addition, the current version of the Confidentiality Policy shall be posted on GridFlorida, Inc.'s website or equivalent form of electronic posting.

3.4. Selection Process. Following receipt from the Search Firm of its proposed pool of candidates for election as initial directors of GridFlorida, Inc., the Board Selection Committee shall meet, as necessary, to select seven individuals from the pool of candidates proposed by the Search Firm to serve as initial directors of GridFlorida, Inc.; provided, however, that the affirmative vote of a majority of the entire Board Selection Committee shall be required to select any such proposed

candidate as an initial director of GridFlorida, Inc. Following its selection of seven proposed candidates as initial directors of GridFlorida, Inc., the Board Selection Committee shall declare such group of seven candidates as its slate of candidates for election as initial directors of GridFlorida, Inc., shall select one of such seven candidates to serve as the initial chairman of GridFlorida, Inc. (the "Chairman") and shall determine the class of directors in which each such candidate shall serve in accordance with the Articles of Incorporation, provided, however, that the Chairman shall serve in the class of directors having the term with the latest expiration date.

3.5. Election of Directors and Initial Meeting. As soon as practicable following the Board Selection Committee's declaration of its slate of candidates for election as the initial directors of GridFlorida, Inc., the Applicants shall cause the Board Selection Committee's slate of candidates to be elected or named as initial directors of GridFlorida, Inc., in such classes as are determined under Section 3.4 hereof, and such directors shall hold their initial meeting, taking all actions contemplated by this Plan to be taken at such meeting, in the following manner: (i) the names of such Persons shall be listed as the initial directors of GridFlorida, Inc., designated in such classes as are determined under Section 3.4 hereof, in the Articles of Incorporation, which Articles of Incorporation shall be filed with the Secretary of State of the State of Florida, as contemplated by Section 2.2 hereof; (ii) as soon as practicable thereafter, the directors of GridFlorida, Inc. shall hold their initial meeting of the board of directors of GridFlorida, Inc., at which meeting such directors shall (a) approve the By-Laws in the form attached hereto as Exhibit B as the By-Laws for GridFlorida, Inc., (b) elect the Chairman as chairman of GridFlorida, Inc.; (c) appoint the Compliance Auditor (as contemplated by Section 5.1 hereof) as the independent compliance auditor of GridFlorida, Inc. (but not the independent public accountant for GridFlorida, Inc.) and require the Compliance Auditor to perform those duties described in Section 5.2 hereof; (d) cause GridFlorida, Inc. to accept and assume all of the assets and liabilities of GridFlorida LLC, as contemplated by Section 2.3 hereof; (e) cause GridFlorida, Inc. to execute and deliver to each of FPL, FPC, TEC and each Participating Owner the POMA and an Agency Agreement in the forms attached hereto as Exhibits C and D, respectively; and, (f) take such other action as such directors deem necessary in order to consummate the transactions contemplated hereby.

3.6. Compensation. The directors of GridFlorida, Inc. shall be compensated, in accordance with the Articles of Incorporation and the By-Laws, commensurate with the compensation of directors of companies of comparable size and business activity, recognizing, however, that initially, GridFlorida, Inc. will be a start-up company. As soon as practicable following their election as initial directors

of the GridFlorida, Inc., such initial directors shall cause GridFlorida, Inc. to retain a nationally recognized consulting firm to assist GridFlorida, Inc. in developing an appropriate compensation plan for the directors and the management of GridFlorida, Inc., which consulting firm shall, to the extent practicable, attempt to include in any such plan an appropriate incentive compensation package for management that would reward superior performance and cost control as well as such other factors as the board of directors may deem appropriate. The board of directors shall provide the Advisory Committee with (i) a copy of the formal recommendations of the consulting firm retained for the purposes described in this Section 3.6, and (ii) on an annual basis, a report setting forth the compensation paid by GridFlorida, Inc. to each director and the five most highly compensated officers of GridFlorida, Inc.

3.7. Election of Subsequent Directors. Subsequent directors of GridFlorida, Inc. shall be elected by the Board Selection Committee in the manner provided in the Articles of Incorporation. Prior to each Annual Meeting of the Board Selection Committee (as provided in the Articles of Incorporation), the Board Selection Committee shall meet to determine whether it intends to retain any or all of the incumbent directors whose terms expire at such Annual Meeting of the Board Selection Committee. If the Board Selection Committee determines that it is likely that it will not reelect one or more of such incumbent directors at such Annual Meeting of the Board Selection Committee, the Board Selection Committee shall retain a nationally recognized search firm to propose to the Board Selection Committee a proposed pool of candidates for election as a director of GridFlorida, Inc. to replace any incumbent director that the Board Selection Committee may choose not to reelect at such Annual Meeting of the Board Selection Committee, which proposed candidates must satisfy all of the qualifications described in Section 3.2 hereof, the Articles of Incorporation and the By-Laws. At any such Annual Meeting of the Board Selection Committee, the Board Selection Committee shall, in respect of each director whose term is expiring at such Annual Meeting of the Board Selection Committee either (i) reelect such director, or (ii) replace such director with one of the candidates proposed by the search firm retained by the Board Selection Committee prior to such Annual Meeting of the Board Selection Committee. With respect to any candidates proposed by a search firm pursuant to this Section 3.7, except for such disclosure as may be necessary for customary reference checks, the identities of those individuals proposed by the search firm to the Board Selection Committee shall be kept in the strictest confidence by both the search firm and the Board Selection Committee, in such manner as may be required under the Confidentiality Policy.

3.8. Removal of Directors and Filling Vacancies. Directors of GridFlorida, Inc. may be removed from office only by two-thirds of the entire Board

Selection Committee, and vacancies on the Board of Directors shall be filled only by a majority of the entire Board Selection Committee, in each case in the manner provided in the Articles of Incorporation; provided, however, that prior to calling a meeting to fill a vacancy on the Board of Directors of GridFlorida, Inc., the Board Selection Committee shall retain a nationally recognized search firm to propose to the Board Selection Committee a proposed pool of candidates for election as a director of GridFlorida, Inc. to fill such vacancy, which proposed candidates must satisfy all of the qualifications described in Section 3.2 hereof, the Articles of Incorporation and the By-Laws. With respect to any candidates proposed by a search firm pursuant to this Section 3.8, except for such disclosure as may be necessary for customary reference checks, the identities of those individuals proposed by the search firm to the Board Selection Committee shall be kept in the strictest confidence by both the search firm and the Board Selection Committee, in such manner as may be required under the Confidentiality Policy.

3.9. Expenses of Board Selection Committee. Prior to the formation of GridFlorida, Inc., expenses of the Board Selection Committee, including costs, fees and expenses associated with meetings of the Board Selection Committee, retention of the Search Firm, and such other activities as are necessary to perform the function of the Board Selection Committee prior to the formation of GridFlorida, Inc. as contemplated by this Plan, shall be paid by GridFlorida, LLC with any resultant assets and liabilities to be transferred and assigned to, and accepted and assumed by, GridFlorida, Inc. as contemplated by Section 2.3 hereof. On and following the formation of GridFlorida, Inc., expenses of the Board Selection Committee, including costs, fees and expenses associated with meetings of the Board Selection Committee, retention of any search firm, and such other activities as are necessary to perform the function of the Board Selection Committee on and following the formation of GridFlorida, Inc. as contemplated by this Plan, the Articles of Incorporation and the By-Laws, shall be paid by GridFlorida, Inc. Under no circumstance shall the representatives to the Board Selection Committee be compensated for their service on the Board Selection Committee nor shall such representatives receive reimbursement for travel, lodging, meals or other incidental or personal expenses incurred in attending and participating in meetings of the Board Selection Committee.

ARTICLE IV
Advisory Committee

4.1. Advisory Committee. An advisory committee (the "Advisory Committee") shall be established which shall be charged with advising the management and board of directors of GridFlorida, Inc. on matters of concern to the Advisory Committee. A designated representative of the Advisory Committee shall be entitled to: (i) prepare and submit written recommendations and reports, at any time, to the board of directors and senior management of GridFlorida, Inc.; (ii) meet and confer with senior management of GridFlorida, Inc., at least once during each calendar quarter, on matters of concern or interest to the Advisory Committee; and (iii) make presentations to the board of directors of GridFlorida, Inc. at regularly scheduled board meetings on matters that a majority of the members of the Advisory Committee agree are of sufficient importance that they merit board attention (provided, however, that this right shall be exercised by the Advisory Committee with discretion and is reserved primarily for instances when efforts to address concerns through GridFlorida, Inc.'s management prove unsatisfactory). In addition, the Advisory Committee may review and comment on (but will not have a right to approve) GridFlorida, Inc.'s annual operating budget. The representatives of the Advisory Committee that share the minority view with the greatest support related to a matter to be presented to the board of directors of GridFlorida, Inc. may select a representative to present to such board such minority view, and such board, in its discretion, may invite other representatives of the Advisory Committee to present to such board additional minority views that may exist on such matter. Members of the Advisory Committee shall have reasonable and timely access to information concerning GridFlorida, Inc.'s operation of its assets and the transmission system under its control, in a manner consistent with GridFlorida, Inc.'s information policy. GridFlorida, Inc. shall not have the right to abridge the entitlements set forth in this Section 4.1 without the prior written consent of the FERC. In addition to the foregoing, the Advisory Committee shall perform such other functions as may be provided herein or as may be assigned to the Advisory Committee from time to time.

4.2. Representatives. The Advisory Committee shall consist of up to thirteen representatives (or less if each seat on the Advisory Committee is not filled), with each of the following stakeholder groups being entitled to appoint up to that number of representatives that follows: (i) three representatives of investor owned utilities that are owners of transmission facilities within the geographic region in which GridFlorida, Inc. provides transmission service; (ii) two representatives of non-investor owned electric utilities that distribute electricity at retail within the geographic region in which GridFlorida, Inc. provides transmission service; (iii) two

representatives of generation and transmission cooperatives and municipal joint action agencies that sell electricity at wholesale within the geographic region in which GridFlorida, Inc. provides transmission service; (iv) two representatives of entities that own or are developing generation facilities whose output will be delivered over facilities controlled by GridFlorida, Inc.; (v) two representatives of power marketers and brokers; and (vi) two representatives of governmental or non-profit organizations that are not utilities, represent end-use consumers' economic or environmental interests and are located within the geographic region in which GridFlorida, Inc. provides transmission service, provided, however, that one representative from this stakeholder group shall be from the Florida Office of Public Counsel, unless the Florida Office of Public Counsel declines to serve on the Advisory Committee. Notwithstanding any other provision hereof to the contrary, no single Market Participant, including its Affiliates and entities with which a merger is pending, shall participate in more than one stakeholder group or have more than one representative to the Advisory Committee. Each stakeholder group shall establish a procedure for rotating its representatives to the Advisory Committee so as to provide each member of a stakeholder group with a reasonable opportunity to serve as one of such stakeholder group's representatives to the Advisory Committee.

4.3. Participation of Market Participants. No Market Participant may join as a member of any of the stakeholder groups identified in Section 4.2 hereof, unless such Market Participant first (i) submits an application indicating its primary activity or activities in the markets served by GridFlorida, Inc. qualifying it to be a member of the stakeholder group identified in its Initial Designation (as defined below), together with a membership fee in the amount of \$10,000 payable to the Advisory Committee, and (ii) agrees to pay to the Advisory Committee an annual fee in the amount of \$5,000, which fees shall be used to pay for the formation and operating expenses of the Advisory Committee and its subcommittees. The level and disposition of membership fees and annual fees may be reviewed and amended from time to time by a majority vote of the Advisory Committee. In connection with making an application described above, each Market Participant shall notify the chairman of the Advisory Committee of the stakeholder group in which it intends to participate (a Market Participant's "Initial Designation"). Each year thereafter, a Market Participant may make a written request to the chairman of the Advisory Committee to redesignate its Initial Designation to permit it to participate in a different stakeholder group. The chairman of the Advisory Committee shall notify the members of the Advisory Committee of any Market Participant's Initial Designation and/or request for redesignation. Members of the Advisory Committee shall have fifteen days following any such notification within which to file with the chairman of the Advisory Committee a written protest of any such Initial Designation

or request for redesignation. In the event of any such protest, the Advisory Committee shall vote to approve or disapprove of the Initial Designation or request for redesignation at issue, based upon the Advisory Committee's assessment of whether the Market Participant making such Initial Designation or request for redesignation meets the qualifications of the stakeholder group that it has designated. If no such protest is received within the aforementioned fifteen day period, the Initial Designation or request for redesignation, as the case may be, shall be deemed to be administratively approved. In connection with the foregoing, (i) any two or more Market Participants may join together to form a single applicant (such Market Participants together, a "Pooled Stakeholder") for purposes of joining a stakeholder group, provided however, that no Market Participant may participate in more than one Pooled Stakeholder and a Pooled Stakeholder shall be entitled to only one vote in any meeting of the stakeholder group that it is permitted to join, and (ii) in no event shall any Market Participant (or Pooled Stakeholder), including its Affiliates and entities with which a merger is pending, be permitted to join as a member of more than one such stakeholder group or be represented by more than one representative to the Advisory Committee.

4.4. Meetings of the Advisory Committee. As soon as practicable following the formation of the Advisory Committee, the Advisory Committee shall meet to adopt By-Laws for the Advisory Committee and to elect from among the representatives to the Advisory Committee a chairman, a vice-chairman and a secretary, in accordance with the terms of such By-Laws. Thereafter, the Advisory Committee shall meet at the call of the chairman of the Advisory Committee and as otherwise prescribed by the By-Laws, but in no event less frequently than semi-annually. Notice of Advisory Committee meetings shall be given to all stakeholders who are current in the payment of their annual fees. The Advisory Committee shall invite to attend its meetings representatives of the Florida Public Service Commission as well as members of the staff of the FERC, any of whom may participate fully in Advisory Committee proceedings on a non-voting basis. The directors and management of GridFlorida, Inc. shall have a right to attend all meetings of the Advisory Committee. All meetings of the Advisory Committee, its subcommittees and its working groups shall be open to the public and notice of all such meetings shall be posted on GridFlorida, Inc.'s website or equivalent form of electronic posting.

4.5. Conduct of Business. The Advisory Committee shall comply with the following provisions: (i) each representative to the Advisory Committee shall have one vote; (ii) a majority of the representatives then currently appointed to the Advisory Committee shall constitute a quorum for the conduct of business; (iii)

the affirmative vote of a majority of the representatives present and voting at a meeting of the Advisory Committee at which a quorum is present shall constitute the action of the Advisory Committee; (iv) each stakeholder group may direct its representatives to vote in such a manner as to split the votes allocated to the representatives of such stakeholder group into an affirmative component and a negative component, based on the individual votes of the Market Participants (and Pooled Stakeholders) participating in such stakeholder group, in direct proportion to the votes cast for and against a particular matter by such Market Participants (and Pooled Stakeholders), rounded to two decimal places; (v) in the event that the representatives present and voting at a meeting of the Advisory Committee are unable to unanimously agree on any issue addressed by the Advisory Committee during one of its meetings, minority opinions regarding any such issue shall be presented to the management and/or board of directors of GridFlorida, Inc.

ARTICLE V

Independent Compliance Auditing

5.1. **Appointment of Compliance Auditor.** On an annual basis, the Advisory Committee shall select a firm that (i) is one of the ten largest accounting firms in the United States, (ii) is not the independent public accountant for GridFlorida, Inc., and (iii) is not then doing business with, or has not in the past five years done business with, GridFlorida, Inc., other than in the capacity of the Compliance Auditor contemplated hereunder (such firm selected, the "Compliance Auditor") to serve as the independent compliance auditor of GridFlorida, Inc. As soon as practicable following the Advisory Committee's selection of the Compliance Auditor, the board of directors of GridFlorida, Inc. shall appoint the Compliance Auditor as the independent compliance auditor of GridFlorida, Inc. (but not the independent public accountant for GridFlorida, Inc.).

5.2. **Responsibilities of Compliance Auditor.** GridFlorida, Inc. shall require the Compliance Auditor to develop and implement a system of independent compliance auditing to ensure that the director, officer and employee independence requirements contained in the Articles of Incorporation, the By-Laws and the Code of Conduct are fully satisfied and are consistent with the requirements of Order No. 2000. In performing such duties, the Compliance Auditor shall be authorized to conduct such audits of the directors, officers and employees of GridFlorida, Inc. as such Compliance Auditor, in its discretion, deems necessary to implement its system of independent compliance auditing. The Compliance Auditor shall be authorized to report any findings and recommendations to the FERC without the prior approval of

GridFlorida, Inc., provided, however, that the Compliance Auditor shall request confidential treatment of any such reports or recommendations to the extent they are based on confidential corporate or personal information or data. Except as required by (or ensuring compliance with) law, the Articles of Incorporation, the By-Laws or this Plan, the Compliance Auditor shall keep confidential all information relating to the security holdings of a director, officer or employee of GridFlorida, Inc.

5.3. Annual Compliance Affidavit. GridFlorida, Inc. shall require each of its directors, officers and employees to file annually with the Compliance Auditor an affidavit certifying that such director officer or employee is in compliance with the independence requirements contained in the Articles of Incorporation, the By-Laws, and the Code of Conduct.

ARTICLE VI

Market Monitor

6.1. Market Monitoring Plan. GridFlorida, Inc. shall execute a market monitoring plan to (i) monitor the markets served by or administered by GridFlorida, Inc. under its transmission tariff, (ii) ensure the development and reporting of objective information concerning the structure and operation of those markets, (iii) provide a vehicle for proposing appropriate action regarding any opportunities for efficiency improvement, market design flaws, market rule violations, and market power identified by that information, and (iv) ensure that the monitoring program is conducted in a manner that is independent, objective and consistent with safe and reliable operations of GridFlorida, Inc.'s transmission system, and that minimizes interference with open and competitive markets.

6.2. Establishment of Market Monitoring Corporation. GridFlorida, Inc. shall establish a separate, non-profit corporation with a three person board to carry out the market monitoring function provided for in this Article VI (the "Market Monitoring Corporation").

6.3. Selection of Board of Directors of Market Monitoring Corporation. GridFlorida, Inc. shall retain a nationally recognized search firm (such firm retained, the "Monitor Search Firm") to propose to GridFlorida, Inc.'s board of directors and to the Advisory Committee a list of seven candidates for election as initial directors of the Market Monitoring Corporation, which candidates must satisfy all of the qualifications described below. GridFlorida, Inc. shall require the Monitor Search Firm to propose its pool of candidates as soon as practicable following its retention of the Monitor Search Firm. Except for such disclosure as may be neces-

sary for customary reference checks and for advising individuals proposed by the Monitor Search Firm of the names of other individuals so proposed, the identities of those individuals proposed by the Monitor Search Firm shall be kept in the strictest confidence by the Monitor Search Firm, the board of directors of GridFlorida, Inc. and the Advisory Committee, and shall not be shared with any other Person. The Monitor Search Firm, all directors of GridFlorida, Inc., and all participants on the Advisory Committee shall be required to agree, in writing if any one of the Monitor Search Firm, the board of directors of GridFlorida, Inc. or the Advisory Committee so requests, to maintain the confidentiality of such information.

Each candidate proposed by the Monitor Search Firm must be independent, *i.e.*, satisfy the standards for independence set forth in Section 6.4 below. Each candidate proposed by the Monitor Search Firm must have extensive business experience in or with competitive industries. The candidates may, but need not, have experience in the electric industry. GridFlorida, Inc.'s board of directors will choose one person from the list of candidates provided by the Monitor Search Firm to serve as a director. The Advisory Committee will choose one person from the list of candidates provided by the Monitor Search Firm to serve as a director, for which decision each representative to the Advisory Committee shall have one vote, and the candidate with the most votes shall be elected. In the event of a tie, there shall be a run-off among the tied candidates. If a tie again occurs, the chairman of the Advisory Committee will choose from among the tied candidates one individual to serve as a director. The initial two directors selected by GridFlorida, Inc. and the Advisory Committee will select the third director from the remaining list of candidates proposed by the Monitor Search Firm. The initial two directors may ask the Monitor Search Firm to identify additional candidates if they cannot agree on any of the candidates from the initial list.

6.4. Independence of Directors of Market Monitoring Corporation.

No person shall be nominated or elected a director of the Market Monitoring Corporation, nor may any person serve or continue to serve as a director of the Market Monitoring Corporation, unless and until such person and all members of his or her Immediate Family has no financial interest in, including the ownership of securities of, any Market Participant, except that such a person and any member of his or her Immediate Family will be permitted to own securities of a Market Participant through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segments thereof). Notwithstanding the foregoing, any such person and any member of his or her Immediate Family who holds a financial interest in a Market Participant may (i) hold such a financial interest for a period not to exceed six months following such

person's initial election to the board of directors and (ii) petition (or the Market Monitoring Corporation, on behalf of any such person and any member of his Immediate Family, may petition) the FERC for (x) an exception to the foregoing prohibition on holding any such financial interest or (y) an extension of time to dispose of any such financial interest (with respect, however, in either case to only those financial interests held by such person and any member of his or her Immediate Family at the time of such person's initial election to the board of directors), which exception or extension the FERC may grant if the FERC determines that the required disposition of such financial interest will result in economic hardship to such person or any member of his or her Immediate Family due to tax effects or legal restraints on the transfer of such financial interest and that granting such exception or extension will be consistent with the public interest. No person shall be in violation of the foregoing if he or she or any member of his or her Immediate Family continues his or her pre-existing participation in a qualified defined benefits pension plan and/or health benefits plan of a Market Participant for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to such person under any such pension plan do not vary with the economic performance of such Market Participant or the value of any of such Market Participant's securities held by such plan; provided, however, that if any such person is able to transfer his or her pension account to another unrelated firm without suffering adverse financial consequences in the opinion of the board of directors of Market Monitoring Corporation, such person shall be required to effect such transfer. In addition to the foregoing provisions, no director nor any member of his or her Immediate Family shall be an employee, director or officer of any Market Participant. For purposes of this Section 6.4, the term Market Participant shall include GridFlorida, Inc.

6.5. Term and Removal of Directors of Market Monitoring Corporation. Initial directors of Market Monitoring Corporation will serve terms as follows: (i) the initial director chosen by GridFlorida, Inc. will serve a two year term, (ii) the initial director chosen by the Advisory Committee will serve a three year term, and (iii) the initial director chosen by the other directors will serve a four year term. Subsequent directors will serve three year terms. A new director will be chosen to replace the exiting director by the same group that selected the exiting director. For example, if the exiting director was chosen by GridFlorida, Inc., GridFlorida, Inc. will choose the new director. Subsequent directors must be selected from a list of at least three candidates provided by an independent search firm. A director can be removed from the board of Market Monitoring Corporation upon the affirmative vote for removal of GridFlorida, Inc. and the Advisory Committee. A new director will be chosen to replace the removed director by the same group that selected the

removed director. For example, if the exiting director was chosen by GridFlorida, Inc., GridFlorida, Inc. will choose the new director. Subsequent directors must be selected from a list of at least three candidates provided by an independent search firm.

6.6. Selection and Requirements of the Market Monitor. The board of directors of Market Monitoring Corporation will choose a suitably qualified individual, entity or other Person to act as the market monitor (the "Market Monitor"). The Market Monitor must satisfy the standards for independence described in Section 6.4 above. The board of directors of Market Monitoring Corporation may remove the individual, entity or other Person acting as Market Monitor upon a majority vote; in such event, the board of directors of Market Monitoring Corporation will take timely action to replace the Market Monitor.

6.7. Selection and Requirements of Staff of Market Monitoring Corporation. The Market Monitor will be responsible for choosing necessary staff personnel of Market Monitoring Corporation. Staff personnel must satisfy the standards for independence described in Section 6.4 above.

RTO FORMATION PLAN

Florida Power & Light Company ("FPL"), Florida Power Corporation ("FPC"), and Tampa Electric Company ("TEC", and collectively with FPL and FPC, the "Applicants") desire to form an RTO in the State of Florida. This RTO Formation Plan (the "Plan") is attached to the Applicants' Order No. 2000 Compliance Filing (the "Filing") filed with the Federal Energy Regulatory Commission (the "FERC"). This Plan describes the Applicants' plans to form the RTO.

ARTICLE I **Definitions**

The following capitalized terms used in this Plan shall have the meanings set forth below:

"Advisory Committee" has the meaning set forth in Section 4.1 hereof.

"Affiliate" means an affiliate, as defined by the FERC in Order No. 2000.

"Agency Agreement" means an Agency Agreement in the form attached hereto as Exhibit D.

"Articles of Incorporation" means the Articles of Incorporation of GridFlorida, Inc., attached hereto as Exhibit A.

"Board Selection Committee" has the meaning set forth in Section 3.1 hereof.

"Business Day" means any day (other than a day which is a Saturday, Sunday or legal holiday in the State of Florida).

"By-Laws" means the By-Laws of GridFlorida, Inc., attached hereto as Exhibit B.

"Chairman" has the meaning set forth in Section 3.4 hereof.

"Code of Conduct" means the Code of Conduct as applicable to GridFlorida, Inc., as approved by the FERC and in effect from time to time.

"Compliance Auditor" has the meaning set forth in Section 5.1 hereof.

"Confidentiality Policy" has the meaning set forth in Section 3.3 hereof.

"FERC" means the Federal Energy Regulatory Commission, or any successor entity thereto.

"GridFlorida, Inc." means that certain Florida not for profit corporation to be formed by the Applicants as contemplated herein, which entity shall serve as the RTO contemplated to be formed hereby.

"GridFlorida LLC" means that certain Florida limited liability company initially formed by the Applicants in connection with the Applicant's original Filing, which entity was organized to undertake certain start-up activities, and incur related costs and expenses, in connection with developing the RTO contemplated to be formed hereby.

"Immediate Family" means, with respect to a person, such person's spouse and dependent children.

"Initial Designation" has the meaning set forth in Section 4.3 hereof.

"Market Monitor" has the meaning set forth in Section 6.6 hereof.

"Market Monitoring Corporation" has the meaning set forth in Section 6.2 hereof.

"Market Participant" has the meaning ascribed to such term in Order No. 2000.

"Monitor Search Firm" has the meaning set forth in Section 6.3 hereof.

"Order No. 2000" means Order No. 2000 issued by the FERC and all supplements and amendments thereto.

"Participating Owner" means an owner of transmission facilities within the geographic region in which GridFlorida, Inc. provides transmission service that has provided GridFlorida, Inc. with notice that it intends to execute and deliver to GridFlorida, Inc. a POMA and an Agency Agreement in the forms attached hereto as Exhibit C and D, respectively.

"Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, governmental entity or any department or agency thereof.

"Plan" means this RTO Formation Plan together with all of the Exhibits attached hereto.

"POMA" means a Participating Owners Management Agreement in the form attached hereto as Exhibit C.

"Pooled Stakeholder" has the meaning set forth in Section 4.3 hereof.

"RTO" means an RTO as defined by Order No. 2000, or any subsequent order or rulemaking issued or made by the FERC relating to the same.

"Search Firm" has the meaning set forth in Section 3.3 hereof.

ARTICLE II

Formation of GridFlorida Inc. and Dissolution of GridFlorida LLC

2.1. RTO. The Applicants intend to form an RTO in the State of Florida by effecting the formation of GridFlorida, Inc., a Florida not for profit corporation which shall serve as such RTO, as contemplated by this Plan.

2.2. GridFlorida, Inc.. The Applicants shall cause, as soon as practicable following the selection of the initial board of GridFlorida, Inc., as contemplated by Article III hereof, the formation of GridFlorida, Inc. as a Florida not for profit corporation, including, without limitation, filing, or causing to be filed, the Articles of Incorporation, in the form attached hereto as Exhibit A, with the Secretary of State of the State of Florida and taking, or causing to be taken, any and all such further actions as shall be necessary to effect the formation of GridFlorida, Inc. as contemplated hereby and in the Articles of Incorporation and the By-Laws.

2.3. GridFlorida LLC. As soon as practicable following the formation of GridFlorida, Inc., (i) GridFlorida LLC shall transfer and assign all of its assets and liabilities to GridFlorida, Inc., (ii) GridFlorida, Inc. shall accept and assume all of the assets and liabilities of GridFlorida LLC, (iii) following the foregoing transfer, assignment, acceptance and assumption, the Applicants shall cause GridFlorida LLC to be dissolved in accordance with Florida law, and (iv) GridFlorida LLC, GridFlorida, Inc. and the Applicants shall take, or cause to be taken, any and all such further actions as shall be necessary to effect the foregoing.

2.4 POMA and Agency Agreement. As soon as practicable following the formation of GridFlorida, Inc., GridFlorida, Inc. shall execute and deliver to each of FPL, FPC, TEC and each Participating Owner (and each of FPL, FPC, TEC and each Participating Owner shall execute and deliver to GridFlorida, Inc.) the POMA and an Agency Agreement in the forms attached hereto as Exhibit C and D, respectively.

ARTICLE III **Board Selection**

3.1. Board Selection Committee. A board selection committee (the "Board Selection Committee") shall be established which shall be charged with the responsibility of selecting the initial slate of directors for GridFlorida, Inc. and electing subsequent directors for GridFlorida, Inc., as contemplated hereby. The Board Selection Committee shall consist of up to nine representatives (or less if each seat on the Board Selection Committee is not filled), with each of the following stakeholder groups being entitled to appoint up to that number of representatives that follows: (i) three representatives of investor owned utilities that are owners of transmission facilities within the geographic region in which GridFlorida, Inc. provides transmission service; (ii) one representative of non-investor owned electric utilities that distribute electricity at retail within the geographic region in which GridFlorida, Inc. provides transmission service; (iii) one representative of generation and transmission cooperatives and municipal joint action agencies that sell electricity at wholesale within the geographic region in which GridFlorida, Inc. provides transmission service; (iv) one representative of entities that own or are developing generation facilities whose output will be delivered over facilities controlled by GridFlorida, Inc.; (v) one representative of power marketers and brokers; (vi) one representative of governmental or non-profit organizations that are not utilities, represent end-use consumers' economic or environmental interests and are located

within the geographic region in which GridFlorida, Inc. provides transmission services; and (vii) one representative that is selected by the Florida Public Service Commission, provided, however, that if the Florida Public Service Commission declines to select such representative, such representative shall be appointed by the Advisory Committee (as defined in Section 4.1 of this Plan). Each stakeholder group identified in clauses (i) through (vi) of the immediately preceding sentence and the Advisory Committee, as applicable, shall determine the method for selecting, replacing and determining the term of service of its representative(s) on the Board Selection Committee. No single entity (including affiliates and other entities with which there is a pending merger) shall participate in more than one stakeholder group or have more than one representative on the Board Selection Committee. In order to become a member of one of the foregoing stakeholder groups for purposes of participating in the selection of its representative(s) to the Board Selection Committee, an entity must become and remain a member of the correlative stakeholder group identified in Section 4.2 of this Plan, in compliance with all of the requirements associated therewith set forth in Article IV of this Plan. Under no circumstance shall an individual be selected or permitted to serve as a representative to the Board Selection Committee if such individual is then serving as a representative to the Advisory Committee. Each stakeholder group and the Advisory Committee, as applicable, shall endeavor to select as its representative to the Board Selection Committee an individual who has senior-level management experience. As soon as practicable following the formation of the Board Selection Committee, the Board Selection Committee shall meet to elect a chairman and a vice-chairman and to determine all procedures that are necessary or advisable for the Board Selection Committee to take action and conduct its affairs in accordance with the terms of this Plan, including procedures for electing subsequent chairmen and vice-chairmen.

3.2. Director Qualifications. In addition to the qualifications for directors of GridFlorida, Inc. contained in the Articles of Incorporation and the By-Laws, those persons chosen to serve as directors of GridFlorida, Inc. shall also have qualifications equivalent to those of directors of corporations with equivalent or larger revenues and assets than that anticipated for GridFlorida, Inc. and shall reflect, as much as is practicable, a mix of backgrounds and experience (including, as appropriate, experience in areas such as finance, accounting, engineering, utility regulation, system planning or operations, utilizing transmission services, and/or commercial market trading or risk management); provided, however, that experience in the electric industry is not a prerequisite to serving as a director of GridFlorida, Inc. In addition, those persons selected as directors of GridFlorida, Inc. shall be of a

caliber that will engender credibility in the marketplace and provide GridFlorida, Inc. with quality and experienced leadership.

3.3. Search Firm. The Board Selection Committee shall retain a nationally recognized search firm (such firm retained, the "Search Firm") to propose to the Board Selection Committee a pool of between twelve (12) and fifteen (15) candidates to be considered for election as initial directors of GridFlorida, Inc., which candidates must (i) satisfy all of the qualifications described in Section 3.2 hereof, the Articles of Incorporation and the By-Laws and (ii) agree, if elected, to serve as directors of GridFlorida, Inc. and take all such other actions required to be taken by the directors of GridFlorida, Inc. as contemplated under this Plan. In submitting its pool of proposed candidates to the Board Selection Committee, the Search Firm shall identify which candidates, from among those proposed, are its preferred candidates for election as initial directors and the reasons therefor. The Board Selection Committee shall require the Search Firm to propose an initial pool of candidates to the Board Selection Committee as soon as practicable following its retention of the Search Firm, with the goal of submitting such initial pool to the Board Selection Committee within sixty (60) days of such retention. Except for such disclosure as may be necessary for customary reference checks and for advising individuals proposed by the Search Firm of the names of other individuals so proposed, the identities of those individuals proposed by the Search Firm to the Board Selection Committee shall be kept in the strictest confidence by both the Search Firm and the Board Selection Committee; provided, however, that the Board Selection Committee shall publicly declare its slate of candidates for election as initial directors of GridFlorida, Inc. pursuant to Section 3.4 hereof. The Board Selection Committee, in consultation with the Search Firm, shall develop such policies and procedures as it deems necessary or advisable to safeguard the confidentiality of its deliberations, the identity of individuals proposed by the Search Firm, or any subsequent search firm, and such other confidential information that may be provided to or developed by the Board Selection Committee (such policies and procedures, as amended or revised from time to time, collectively the "Confidentiality Policy"). The Search Firm, any subsequent search firm, and all representatives to the Board Selection Committee, including subsequent representatives to the Board Selection Committee, shall be, and shall agree to be, bound by such Confidentiality Policy. In addition, the current version of the Confidentiality Policy shall be posted on GridFlorida, Inc.'s website or equivalent form of electronic posting.

3.4. Selection Process. Following receipt from the Search Firm of its proposed pool of candidates for election as initial directors of GridFlorida, Inc., the

Board Selection Committee shall meet, as necessary, to select seven individuals from the pool of candidates proposed by the Search Firm to serve as initial directors of GridFlorida, Inc.; provided, however, that the affirmative vote of a majority of the entire Board Selection Committee shall be required to select any such proposed candidate as an initial director of GridFlorida, Inc. Following its selection of seven proposed candidates as initial directors of GridFlorida, Inc., the Board Selection Committee shall declare such group of seven candidates as its slate of candidates for election as initial directors of GridFlorida, Inc., shall select one of such seven candidates to serve as the initial chairman of GridFlorida, Inc. (the "Chairman") and shall determine the class of directors in which each such candidate shall serve in accordance with the Articles of Incorporation, provided, however, that the Chairman shall serve in the class of directors having the term with the latest expiration date.

3.5. Election of Directors and Initial Meeting. As soon as practicable following the Board Selection Committee's declaration of its slate of candidates for election as the initial directors of GridFlorida, Inc., the Applicants shall cause the Board Selection Committee's slate of candidates to be elected or named as initial directors of GridFlorida, Inc., in such classes as are determined under Section 3.4 hereof, and such directors shall hold their initial meeting, taking all actions contemplated by this Plan to be taken at such meeting, in the following manner: (i) the names of such Persons shall be listed as the initial directors of GridFlorida, Inc., designated in such classes as are determined under Section 3.4 hereof, in the Articles of Incorporation, which Articles of Incorporation shall be filed with the Secretary of State of the State of Florida, as contemplated by Section 2.2 hereof; (ii) as soon as practicable thereafter, the directors of GridFlorida, Inc. shall hold their initial meeting of the board of directors of GridFlorida, Inc., at which meeting such directors shall (a) approve the By-Laws in the form attached hereto as Exhibit B as the By-Laws for GridFlorida, Inc., (b) elect the Chairman as chairman of GridFlorida, Inc.; (c) appoint the Compliance Auditor (as contemplated by Section 5.1 hereof) as the independent compliance auditor of GridFlorida, Inc. (but not the independent public accountant for GridFlorida, Inc.) and require the Compliance Auditor to perform those duties described in Section 5.2 hereof; (d) cause GridFlorida, Inc. to accept and assume all of the assets and liabilities of GridFlorida LLC, as contemplated by Section 2.3 hereof; (e) cause GridFlorida, Inc. to execute and deliver to each of FPL, FPC, TEC and each Participating Owner the POMA and an Agency Agreement in the forms attached hereto as Exhibits C and D, respectively; and, (f) take such other action as such directors deem necessary in order to consummate the transactions contemplated hereby.

3.6. Compensation. The directors of GridFlorida, Inc. shall be compensated, in accordance with the Articles of Incorporation and the By-Laws, commensurate with the compensation of directors of companies of comparable size and business activity, recognizing, however, that initially, GridFlorida, Inc. will be a start-up company. As soon as practicable following their election as initial directors of the GridFlorida, Inc., such initial directors shall cause GridFlorida, Inc. to retain a nationally recognized consulting firm to assist GridFlorida, Inc. in developing an appropriate compensation plan for the directors and the management of GridFlorida, Inc., which consulting firm shall, to the extent practicable, attempt to include in any such plan an appropriate incentive compensation package for management that would reward superior performance and cost control as well as such other factors as the board of directors may deem appropriate. The board of directors shall provide the Advisory Committee with (i) a copy of the formal recommendations of the consulting firm retained for the purposes described in this Section 3.6, and (ii) on an annual basis, a report setting forth the compensation paid by GridFlorida, Inc. to each director and the five most highly compensated officers of GridFlorida, Inc.

3.7. Election of Subsequent Directors. Subsequent directors of GridFlorida, Inc. shall be elected by the Board Selection Committee in the manner provided in the Articles of Incorporation. Prior to each Annual Meeting of the Board Selection Committee (as provided in the Articles of Incorporation), the Board Selection Committee shall meet to determine whether it intends to retain any or all of the incumbent directors whose terms expire at such Annual Meeting of the Board Selection Committee. If the Board Selection Committee determines that it is likely that it will not reelect one or more of such incumbent directors at such Annual Meeting of the Board Selection Committee, the Board Selection Committee shall retain a nationally recognized search firm to propose to the Board Selection Committee a proposed pool of candidates for election as a director of GridFlorida, Inc. to replace any incumbent director that the Board Selection Committee may choose not to reelect at such Annual Meeting of the Board Selection Committee, which proposed candidates must satisfy all of the qualifications described in Section 3.2 hereof, the Articles of Incorporation and the By-Laws. At any such Annual Meeting of the Board Selection Committee, the Board Selection Committee shall, in respect of each director whose term is expiring at such Annual Meeting of the Board Selection Committee either (i) reelect such director, or (ii) replace such director with one of the candidates proposed by the search firm retained by the Board Selection Committee prior to such Annual Meeting of the Board Selection Committee. With respect to any candidates proposed by a search firm pursuant to this Section 3.7, except for such disclosure as may be necessary for customary reference checks, the

identities of those individuals proposed by the search firm to the Board Selection Committee shall be kept in the strictest confidence by both the search firm and the Board Selection Committee, in such manner as may be required under the Confidentiality Policy.

3.8. Removal of Directors and Filling Vacancies. Directors of GridFlorida, Inc. may be removed from office only by two-thirds of the entire Board Selection Committee, and vacancies on the Board of Directors shall be filled only by a majority of the entire Board Selection Committee, in each case in the manner provided in the Articles of Incorporation; provided, however, that prior to calling a meeting to fill a vacancy on the Board of Directors of GridFlorida, Inc., the Board Selection Committee shall retain a nationally recognized search firm to propose to the Board Selection Committee a proposed pool of candidates for election as a director of GridFlorida, Inc. to fill such vacancy, which proposed candidates must satisfy all of the qualifications described in Section 3.2 hereof, the Articles of Incorporation and the By-Laws. With respect to any candidates proposed by a search firm pursuant to this Section 3.8, except for such disclosure as may be necessary for customary reference checks, the identities of those individuals proposed by the search firm to the Board Selection Committee shall be kept in the strictest confidence by both the search firm and the Board Selection Committee, in such manner as may be required under the Confidentiality Policy.

3.9. Expenses of Board Selection Committee. Prior to the formation of GridFlorida, Inc., expenses of the Board Selection Committee, including costs, fees and expenses associated with meetings of the Board Selection Committee, retention of the Search Firm, and such other activities as are necessary to perform the function of the Board Selection Committee prior to the formation of GridFlorida, Inc. as contemplated by this Plan, shall be paid by GridFlorida, LLC with any resultant assets and liabilities to be transferred and assigned to, and accepted and assumed by, GridFlorida, Inc. as contemplated by Section 2.3 hereof. On and following the formation of GridFlorida, Inc., expenses of the Board Selection Committee, including costs, fees and expenses associated with meetings of the Board Selection Committee, retention of any search firm, and such other activities as are necessary to perform the function of the Board Selection Committee on and following the formation of GridFlorida, Inc. as contemplated by this Plan, the Articles of Incorporation and the By-Laws, shall be paid by GridFlorida, Inc. Under no circumstance shall the representatives to the Board Selection Committee be compensated for their service on the Board Selection Committee nor shall such representatives receive reimbursement for travel, lodging, meals or other incidental or personal expenses

incurred in attending and participating in meetings of the Board Selection Committee.

ARTICLE IV **Advisory Committee**

4.1. Advisory Committee. An advisory committee (the "Advisory Committee") shall be established which shall be charged with advising the management and board of directors of GridFlorida, Inc. on matters of concern to the Advisory Committee. A designated representative of the Advisory Committee shall be entitled to: (i) prepare and submit written recommendations and reports, at any time, to the board of directors and senior management of GridFlorida, Inc.; (ii) meet and confer with senior management of GridFlorida, Inc., at least once during each calendar quarter, on matters of concern or interest to the Advisory Committee; and (iii) make presentations to the board of directors of GridFlorida, Inc. at regularly scheduled board meetings on matters that a majority of the members of the Advisory Committee agree are of sufficient importance that they merit board attention (provided, however, that this right shall be exercised by the Advisory Committee with discretion and is reserved primarily for instances when efforts to address concerns through GridFlorida, Inc.'s management prove unsatisfactory). In addition, the Advisory Committee may review and comment on (but will not have a right to approve) GridFlorida, Inc.'s annual operating budget. The representatives of the Advisory Committee that share the minority view with the greatest support related to a matter to be presented to the board of directors of GridFlorida, Inc. may select a representative to present to such board such minority view, and such board, in its discretion, may invite other representatives of the Advisory Committee to present to such board additional minority views that may exist on such matter. Members of the Advisory Committee shall have reasonable and timely access to information concerning GridFlorida, Inc.'s operation of its assets and the transmission system under its control, in a manner consistent with GridFlorida, Inc.'s information policy. GridFlorida, Inc. shall not have the right to abridge the entitlements set forth in this Section 4.1 without the prior written consent of the FERC. In addition to the foregoing, the Advisory Committee shall perform such other functions as may be provided herein or as may be assigned to the Advisory Committee from time to time.

4.2. Representatives. The Advisory Committee shall consist of up to thirteen representatives (or less if each seat on the Advisory Committee is not filled), with each of the following stakeholder groups being entitled to appoint up to that

number of representatives that follows: (i) three representatives of investor owned utilities that are owners of transmission facilities within the geographic region in which GridFlorida, Inc. provides transmission service; (ii) two representatives of non-investor owned electric utilities that distribute electricity at retail within the geographic region in which GridFlorida, Inc. provides transmission service; (iii) two representatives of generation and transmission cooperatives and municipal joint action agencies that sell electricity at wholesale within the geographic region in which GridFlorida, Inc. provides transmission service; (iv) two representatives of entities that own or are developing generation facilities whose output will be delivered over facilities controlled by GridFlorida, Inc.; (v) two representatives of power marketers and brokers; and (vi) two representatives of governmental or non-profit organizations that are not utilities, represent end-use consumers' economic or environmental interests and are located within the geographic region in which GridFlorida, Inc. provides transmission service, provided, however, that one representative from this stakeholder group shall be from the Florida Office of Public Counsel, unless the Florida Office of Public Counsel declines to serve on the Advisory Committee. Notwithstanding any other provision hereof to the contrary, no single Market Participant, including its Affiliates and entities with which a merger is pending, shall participate in more than one stakeholder group or have more than one representative to the Advisory Committee. Each stakeholder group shall establish a procedure for rotating its representatives to the Advisory Committee so as to provide each member of a stakeholder group with a reasonable opportunity to serve as one of such stakeholder group's representatives to the Advisory Committee.

4.3. Participation of Market Participants. No Market Participant may join as a member of any of the stakeholder groups identified in Section 4.2 hereof, unless such Market Participant first (i) submits an application indicating its primary activity or activities in the markets served by GridFlorida, Inc. qualifying it to be a member of the stakeholder group identified in its Initial Designation (as defined below), together with a membership fee in the amount of \$10,000 payable to the Advisory Committee, and (ii) agrees to pay to the Advisory Committee an annual fee in the amount of \$5,000, which fees shall be used to pay for the formation and operating expenses of the Advisory Committee and its subcommittees. The level and disposition of membership fees and annual fees may be reviewed and amended from time to time by a majority vote of the Advisory Committee. In connection with making an application described above, each Market Participant shall notify the chairman of the Advisory Committee of the stakeholder group in which it intends to participate (a Market Participant's "Initial Designation"). Each year thereafter, a Market Participant may make a written request to the chairman of the Advisory

Committee to redesignate its Initial Designation to permit it to participate in a different stakeholder group. The chairman of the Advisory Committee shall notify the members of the Advisory Committee of any Market Participant's Initial Designation and/or request for redesignation. Members of the Advisory Committee shall have fifteen days following any such notification within which to file with the chairman of the Advisory Committee a written protest of any such Initial Designation or request for redesignation. In the event of any such protest, the Advisory Committee shall vote to approve or disapprove of the Initial Designation or request for redesignation at issue, based upon the Advisory Committee's assessment of whether the Market Participant making such Initial Designation or request for redesignation meets the qualifications of the stakeholder group that it has designated. If no such protest is received within the aforementioned fifteen day period, the Initial Designation or request for redesignation, as the case may be, shall be deemed to be administratively approved. In connection with the foregoing, (i) any two or more Market Participants may join together to form a single applicant (such Market Participants together, a "Pooled Stakeholder") for purposes of joining a stakeholder group, provided however, that no Market Participant may participate in more than one Pooled Stakeholder and a Pooled Stakeholder shall be entitled to only one vote in any meeting of the stakeholder group that it is permitted to join, and (ii) in no event shall any Market Participant (or Pooled Stakeholder), including its Affiliates and entities with which a merger is pending, be permitted to join as a member of more than one such stakeholder group or be represented by more than one representative to the Advisory Committee.

4.4. Meetings of the Advisory Committee. As soon as practicable following the formation of the Advisory Committee, the Advisory Committee shall meet to adopt By-Laws for the Advisory Committee and to elect from among the representatives to the Advisory Committee a chairman, a vice-chairman and a secretary, in accordance with the terms of such By-Laws. Thereafter, the Advisory Committee shall meet at the call of the chairman of the Advisory Committee and as otherwise prescribed by the By-Laws, but in no event less frequently than semi-annually. Notice of Advisory Committee meetings shall be given to all stakeholders who are current in the payment of their annual fees. The Advisory Committee shall invite to attend its meetings representatives of the Florida Public Service Commission as well as members of the staff of the FERC, any of whom may participate fully in Advisory Committee proceedings on a non-voting basis. The directors and management of GridFlorida, Inc. shall have a right to attend all meetings of the Advisory Committee. All meetings of the Advisory Committee, its subcommittees and its working groups shall be open to the public and notice of all

such meetings shall be posted on GridFlorida, Inc.'s website or equivalent form of electronic posting.

4.5. Conduct of Business. The Advisory Committee shall comply with the following provisions: (i) each representative to the Advisory Committee shall have one vote; (ii) a majority of the representatives then currently appointed to the Advisory Committee shall constitute a quorum for the conduct of business; (iii) the affirmative vote of a majority of the representatives present and voting at a meeting of the Advisory Committee at which a quorum is present shall constitute the action of the Advisory Committee; (iv) each stakeholder group may direct its representatives to vote in such a manner as to split the votes allocated to the representatives of such stakeholder group into an affirmative component and a negative component, based on the individual votes of the Market Participants (and Pooled Stakeholders) participating in such stakeholder group, in direct proportion to the votes cast for and against a particular matter by such Market Participants (and Pooled Stakeholders), rounded to two decimal places; (v) in the event that the representatives present and voting at a meeting of the Advisory Committee are unable to unanimously agree on any issue addressed by the Advisory Committee during one of its meetings, minority opinions regarding any such issue shall be presented to the management and/or board of directors of GridFlorida, Inc.

ARTICLE V

Independent Compliance Auditing

5.1. Appointment of Compliance Auditor. On an annual basis, the Advisory Committee shall select a firm that (i) is one of the ten largest accounting firms in the United States, (ii) is not the independent public accountant for GridFlorida, Inc., and (iii) is not then doing business with, or has not in the past five years done business with, GridFlorida, Inc., other than in the capacity of the Compliance Auditor contemplated hereunder (such firm selected, the "Compliance Auditor") to serve as the independent compliance auditor of GridFlorida, Inc. As soon as practicable following the Advisory Committee's selection of the Compliance Auditor, the board of directors of GridFlorida, Inc. shall appoint the Compliance Auditor as the independent compliance auditor of GridFlorida, Inc. (but not the independent public accountant for GridFlorida, Inc.).

5.2. Responsibilities of Compliance Auditor. GridFlorida, Inc. shall require the Compliance Auditor to develop and implement a system of independent

compliance auditing to ensure that the director, officer and employee independence requirements contained in the Articles of Incorporation, the By-Laws and the Code of Conduct are fully satisfied and are consistent with the requirements of Order No. 2000. In performing such duties, the Compliance Auditor shall be authorized to conduct such audits of the directors, officers and employees of GridFlorida, Inc. as such Compliance Auditor, in its discretion, deems necessary to implement its system of independent compliance auditing. The Compliance Auditor shall be authorized to report any findings and recommendations to the FERC without the prior approval of GridFlorida, Inc., provided, however, that the Compliance Auditor shall request confidential treatment of any such reports or recommendations to the extent they are based on confidential corporate or personal information or data. Except as required by (or ensuring compliance with) law, the Articles of Incorporation, the By-Laws or this Plan, the Compliance Auditor shall keep confidential all information relating to the security holdings of a director, officer or employee of GridFlorida, Inc.

5.3. Annual Compliance Affidavit. GridFlorida, Inc. shall require each of its directors, officers and employees to file annually with the Compliance Auditor an affidavit certifying that such director officer or employee is in compliance with the independence requirements contained in the Articles of Incorporation, the By-Laws, and the Code of Conduct.

ARTICLE VI **Market Monitor**

6.1. Market Monitoring Plan. GridFlorida, Inc. shall execute a market monitoring plan to (i) monitor the markets served by or administered by GridFlorida, Inc. under its transmission tariff, (ii) ensure the development and reporting of objective information concerning the structure and operation of those markets, (iii) provide a vehicle for proposing appropriate action regarding any opportunities for efficiency improvement, market design flaws, market rule violations, and market power identified by that information, and (iv) ensure that the monitoring program is conducted in a manner that is independent, objective and consistent with safe and reliable operations of GridFlorida, Inc.'s transmission system, and that minimizes interference with open and competitive markets.

6.2. Establishment of Market Monitoring Corporation. GridFlorida, Inc. shall establish a separate, non-profit corporation with a three person board to carry out the market monitoring function provided for in this Article VI (the "Market Monitoring Corporation").

6.3. Selection of Board of Directors of Market Monitoring Corporation. GridFlorida, Inc. shall retain a nationally recognized search firm (such firm retained, the “ Monitor Search Firm”) to propose to GridFlorida, Inc.'s board of directors and to the Advisory Committee a list of seven candidates for election as initial directors of the Market Monitoring Corporation, which candidates must satisfy all of the qualifications described below. GridFlorida, Inc. shall require the Monitor Search Firm to propose its pool of candidates as soon as practicable following its retention of the Monitor Search Firm. Except for such disclosure as may be necessary for customary reference checks and for advising individuals proposed by the Monitor Search Firm of the names of other individuals so proposed, the identities of those individuals proposed by the Monitor Search Firm shall be kept in the strictest confidence by the Monitor Search Firm, the board of directors of GridFlorida, Inc. and the Advisory Committee, and shall not be shared with any other Person. The Monitor Search Firm, all directors of GridFlorida, Inc., and all participants on the Advisory Committee shall be required to agree, in writing if any one of the Monitor Search Firm, the board of directors of GridFlorida, Inc. or the Advisory Committee so requests, to maintain the confidentiality of such information.

Each candidate proposed by the Monitor Search Firm must be independent, i.e., satisfy the standards for independence set forth in Section 6.4 below. Each candidate proposed by the Monitor Search Firm must have extensive business experience in or with competitive industries. The candidates may, but need not, have experience in the electric industry. GridFlorida, Inc.’s board of directors will choose one person from the list of candidates provided by the Monitor Search Firm to serve as a director. The Advisory Committee will choose one person from the list of candidates provided by the Monitor Search Firm to serve as a director, for which decision each representative to the Advisory Committee shall have one vote, and the candidate with the most votes shall be elected. In the event of a tie, there shall be a run-off among the tied candidates. If a tie again occurs, the chairman of the Advisory Committee will choose from among the tied candidates one individual to serve as a director. The initial two directors selected by GridFlorida, Inc. and the Advisory Committee will select the third director from the remaining list of candidates proposed by the Monitor Search Firm. The initial two directors may ask the Monitor Search Firm to identify additional candidates if they cannot agree on any of the candidates from the initial list.

6.4. Independence of Directors of Market Monitoring Corporation. No person shall be nominated or elected a director of the Market Monitoring Corporation, nor may any person serve or continue to serve as a director of the Market

Monitoring Corporation, unless and until such person and all members of his or her Immediate Family has no financial interest in, including the ownership of securities of, any Market Participant, except that such a person and any member of his or her Immediate Family will be permitted to own securities of a Market Participant through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segments thereof). Notwithstanding the foregoing, any such person and any member of his or her Immediate Family who holds a financial interest in a Market Participant may (i) hold such a financial interest for a period not to exceed six months following such person's initial election to the board of directors and (ii) petition (or the Market Monitoring Corporation, on behalf of any such person and any member of his Immediate Family, may petition) the FERC for (x) an exception to the foregoing prohibition on holding any such financial interest or (y) an extension of time to dispose of any such financial interest (with respect, however, in either case to only those financial interests held by such person and any member of his or her Immediate Family at the time of such person's initial election to the board of directors), which exception or extension the FERC may grant if the FERC determines that the required disposition of such financial interest will result in economic hardship to such person or any member of his or her Immediate Family due to tax effects or legal restraints on the transfer of such financial interest and that granting such exception or extension will be consistent with the public interest. No person shall be in violation of the foregoing if he or she or any member of his or her Immediate Family continues his or her pre-existing participation in a qualified defined benefits pension plan and/or health benefits plan of a Market Participant for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to such person under any such pension plan do not vary with the economic performance of such Market Participant or the value of any of such Market Participant's securities held by such plan; provided, however, that if any such person is able to transfer his or her pension account to another unrelated firm without suffering adverse financial consequences in the opinion of the board of directors of Market Monitoring Corporation, such person shall be required to effect such transfer. In addition to the foregoing provisions, no director nor any member of his or her Immediate Family shall be an employee, director or officer of any Market Participant. For purposes of this Section 6.4, the term Market Participant shall include GridFlorida, Inc.

6.5. Term and Removal of Directors of Market Monitoring Corporation. Initial directors of Market Monitoring Corporation will serve terms as follows: (i) the initial director chosen by GridFlorida, Inc. will serve a two year term, (ii) the

initial director chosen by the Advisory Committee will serve a three year term, and (iii) the initial director chosen by the other directors will serve a four year term. Subsequent directors will serve three year terms. A new director will be chosen to replace the exiting director by the same group that selected the exiting director. For example, if the exiting director was chosen by GridFlorida, Inc., GridFlorida, Inc. will choose the new director. Subsequent directors must be selected from a list of at least three candidates provided by an independent search firm. A director can be removed from the board of Market Monitoring Corporation upon the affirmative vote for removal of GridFlorida, Inc. and the Advisory Committee. A new director will be chosen to replace the removed director by the same group that selected the removed director. For example, if the exiting director was chosen by GridFlorida, Inc., GridFlorida, Inc. will choose the new director. Subsequent directors must be selected from a list of at least three candidates provided by an independent search firm.

6.6. Selection and Requirements of the Market Monitor. The board of directors of Market Monitoring Corporation will choose a suitably qualified individual, entity or other Person to act as the market monitor (the "Market Monitor"). The Market Monitor must satisfy the standards for independence described in Section 6.4 above. The board of directors of Market Monitoring Corporation may remove the individual, entity or other Person acting as Market Monitor upon a majority vote; in such event, the board of directors of Market Monitoring Corporation will take timely action to replace the Market Monitor.

6.7. Selection and Requirements of Staff of Market Monitoring Corporation. The Market Monitor will be responsible for choosing necessary staff personnel of Market Monitoring Corporation. Staff personnel must satisfy the standards for independence described in Section 6.4 above.

**GRIDFLORIDA, INC.
CODE OF CONDUCT**

I. Background

It is the policy of GridFlorida, Inc. (“GridFlorida”) to operate in a fair and non-discriminatory manner and to implement such rules and regulation in the governance of the organization as necessary to prevent control, or the appearance of control, of the decision-making process by any Market Participant; and

It is the policy of GridFlorida to operate, plan and direct additions to the Transmission System without adverse distinction or preference to any Market Participant; and

The Transmission System includes all transmission facilities that have been placed under the operational control of GridFlorida pursuant to GridFlorida's Participating Owners Management Agreement and in accordance with GridFlorida's Open Access Transmission Tariff; it is the policy of GridFlorida to operate the entire Transmission System without adverse distinction or preference based on the ownership of the facilities; and

It is the policy of GridFlorida that, except as specifically permitted herein, Directors, officers, and employees of GridFlorida shall not have a direct financial interest in any Market Participant or a conflict of interest that would conflict with the GridFlorida policy of conducting business in a fair and nondiscriminatory manner.

Nothing in this Code of Conduct is intended to restrict any rights that any federal or state regulatory authorities may have to receive or have access to any information.

II. Standards

In furtherance of the above policies, the Code of Conduct for GridFlorida shall include, but not be limited to, the following Standards:

A. GridFlorida and its agents, Directors, officers, and employees shall operate and plan the entire Transmission System without adverse distinction or preference to any Market Participant or owner of constituent facilities. In addition, the Transmission Tariff shall be applied without adverse distinction or preference to any Market Participant. Furthermore, GridFlorida shall procure goods and services without adverse distinction or preference to any Market Participant.

B. GridFlorida, in operating its business, shall require any consultant, contractor, and/or subcontractor of GridFlorida to disclose to GridFlorida all financial interests in Market Participants and conflicts of interest that would conflict with the GridFlorida policy of conducting business in a fair and non-discriminatory manner. The discretion to create or continue a direct or indirect business relationship with an entity that has such a financial affiliation or conflict of interest will be exercised in accordance with guidelines and policies adopted and posted by

GridFlorida. Said policy shall be applied without adverse distinction or preference to any Market Participant. These guidelines and policies will preclude arrangements under which GridFlorida has a consultant, contractor, subcontractor, or agent that acts as the functional equivalent of its employee but who, because not formally an employee, is thereby exempted from the provisions of this Code of Conduct applicable to employees.

C. No agent, officer, or employee of GridFlorida shall have any involvement in the sale of electric energy at wholesale or retail except as required or allowed by the Transmission Tariff.

D. A Director, officer, or employee will have no financial interest in any Market Participant, including ownership of securities, except that a Director, officer, or employee will be permitted to own stock in Market Participants through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segments thereof). A Director, officer, or employee will divest himself or herself of the securities of a Market Participant not permitted by the foregoing sentence within six months of becoming a Director, officer, or employee, provided that a Director, officer, or employee (or GridFlorida on behalf of the Director, officer, or employee) may request the FERC to grant an exception from this requirement or an extension of time to dispose of any such securities (in both cases with respect to only those securities

held by such Director, officer, or employee at the time of his or her initial election or appointment) if the FERC determines that disposition of the financial interest would result in an economic hardship to the Director, officer, or employee due to tax effects or legal restraints on the transfer of such securities and that granting the request will be consistent with the public interest. These restrictions shall also apply to all members of the Director, officer, or employee's immediate family (i.e., spouse and dependent children).

1. A Director, officer, or employee may continue his or her pre-existing participation in a qualified defined benefits pension plan and/or a health benefits plan of a Market Participant for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to the Director, officer, or employee under such pension plan do not vary with economic performance of the Market Participant or the value of any securities of the Market Participant held by the plan. If the prospective Director, officer, or employee has the opportunity to transfer his or her pension account to another unrelated plan and can do so without adverse financial consequences in the opinion of the GridFlorida Independent Compliance Auditor,

such transfer will be required.

E. During the continuation of his or her service as a Director, officer, or employee, such person, and members of his or her immediate family (i.e., spouse and dependent children), will not be (i) an employee, director or officer of any Market Participant or (ii) in a non-approved material ongoing business or professional relationship with any Market Participant. A material ongoing business or professional relationship includes (a) affiliation with an entity that derives more than five percent of its annual revenues from any Market Participant; (b) receiving more than one percent of that person's annual revenues from any Market Participant; (c) standing as creditor to a Market Participant in an amount exceeding one percent of the person's annual revenues; (d) participating in a professional firm that a Market Participant has retained within the past year, unless the retention is unrelated to Regional Transmission Organization matters, does not personally involve the person, and is consistent with applicable professional ethics; (e) an agreement to become, or to have the option of becoming, an employee, officer, director, agent, partner, or consultant of a Market Participant; (f) any other relationship with a Market Participant that is substantially similar in nature and scope to the above relationships; or (g) any other relationship that GridFlorida defines, with appropriate notice, as being included. For purposes of applying the above standards, relations with any association or group of Market Participants will be treated as a relationship with each

member of the association or group. The above standards do not preclude relationships that are disclosed to and permitted by the GridFlorida Board or its designee pursuant to publicly posted guidelines and policies.

F. Employees, agents, Directors, and officers of GridFlorida shall not accept any form of gratuity that would tend to affect, or give the appearance of affecting, their judgment in the performance of their duties. Food, refreshments and entertainment in the course of a luncheon, dinner, other meeting or corporate event, and non-cash gifts, such as pens, pencils, note pads, calendars, clothing or gifts received as a promotional matter or for a special occasion, are examples of acceptable gratuities. Cash in any form or amount is not considered an acceptable gift and is explicitly forbidden. GridFlorida will develop and publicly post specific policies regarding written records of all forms of gratuities and permitted aggregate values of gratuities.

G. GridFlorida Directors, officers, employees and agents shall not provide non-public transmission and reliability (hereinafter, "T/R") information (including T/R information obtained from Market Participants in the normal course of GridFlorida business) to anyone outside GridFlorida, except for such disclosure of information to T/R employees of transmission owners (as determined under the applicable standards of the FERC) to the extent necessary to transact GridFlorida business. Those T/R employees, in turn, are governed by the FERC Order No. 889

(or successor FERC orders or rules) standards of conduct governing the sharing of any such information with the merchant employees of the respective transmission owners. GridFlorida shall maintain the confidentiality of any market information obtained from any Market Participant.

H. If a Director, officer, employee or agent of GridFlorida discloses confidential information relating to the operation or function of the organization, which disclosure is contrary to this Code of Conduct, then notice of such disclosure shall be posted immediately on the GridFlorida OASIS (or successor system as approved by the FERC).

I. GridFlorida Directors, officers, employees and agents shall treat all information supplied by an entity seeking transmission service under the Transmission Tariff, or supplied in connection with GridFlorida security coordinator functions, as confidential, unless the information is required to be placed on the GridFlorida OASIS, or the entity seeking transmission service agrees that the information can be disclosed, or the information is otherwise publicly available.

Notwithstanding the restrictions contained in this Paragraph I, GridFlorida Directors, officers, employees and agents may share information with third parties where required to satisfy the Operating Standards and Policies of the North American Electric Reliability Council or any successor reliability entity. A confidentiality statement must be executed by the third party before any such

information is disclosed. To the extent required by FERC regulations, such information shall be placed on the GridFlorida OASIS.

J. GridFlorida Directors, officers, employees and agents shall not give preferential access to transmission information, or any other information, to any Market Participant.

GridFlorida Directors, officers, employees and agents shall be prohibited from providing to any Market Participant, or to any employee, representative, or agent of any Market Participant, information regarding the Transmission System covered by the Transmission Tariff, unless that information is: (i) simultaneously posted on the GridFlorida OASIS; (ii) otherwise available to the general public without restriction; or (iii) is the type of information disclosed to any third party on a non-preferential basis.

Any disclosures of transmission information not in compliance with this Paragraph J shall be posted immediately on the GridFlorida OASIS.

K. Directors, officers, employees and agents of GridFlorida shall strictly enforce all Transmission Tariff provisions established by GridFlorida. In the event any director, officer, employee or agent of GridFlorida may exercise his or her discretion, or is allowed by the Transmission Tariff to exercise his or her discretion, with respect to transactions or actions covered by the Transmission Tariff, then such discretion shall be exercised fairly and impartially, and such event shall be logged

and available for FERC and GridFlorida's Independent Compliance Auditor to audit.

L. No employee, agent, or contractor of any entity engaged in wholesale or retail sales of electric energy, or any affiliate of such an entity, shall have access to the GridFlorida coordination center, except for educational tours approved by an officer of GridFlorida where notification of such tours is posted on the GridFlorida OASIS.

M. Notices shall be posted on the GridFlorida OASIS of any employee engaged in transmission and/or reliability functions who retires, resigns, is terminated or is transferred from GridFlorida. The posted information shall include the name of the employee, the title of the employee while performing service for GridFlorida, and the effective date of the retirement, resignation termination or transfer.

1. If GridFlorida hires an employee that worked for a Market Participant during the twelve month period prior to the hiring, notice will be posted on GridFlorida's OASIS. The posted information shall include the name of the employee, the identity of the Market Participant, the title of the employee while performing service for the Market Participant, and the effective date of the hiring.
2. GridFlorida will exercise due diligence to ensure that if a

Market Participant hires an employee that worked for GridFlorida during the twelve month period prior to the hiring, notice will be posted on GridFlorida's OASIS. The posted information shall include, to the full extent available, the name of the employee, the title of the employee while performing service for GridFlorida, the identity of the Market Participant, and the effective date of the hiring.

3. GridFlorida will adopt employee policies that will (a) require protection of all proprietary and confidential information of GridFlorida for a reasonable period or periods of time after the employee ceases to be employed by GridFlorida and (b) require, as a condition to receiving all post-employment benefits not mandated by law, that the departing employee give notice of any employment commitment, at the time of the departure or within the twelve month period after the employee ceased employment with GridFlorida, with a Market Participant.

N. GridFlorida shall maintain books and records which shall be kept separately from those of any Market Participant.

O. GridFlorida shall establish and maintain a complaint procedure for alleged violations of any of the provisions of this Code of Conduct. The complaint

procedure shall provide for the opportunity of alternative dispute resolution. The complaint procedure will be developed by GridFlorida and filed for FERC review. The complaint procedure may thereafter be amended through the same procedures.

P. GridFlorida shall inform and train GridFlorida Directors, officers, employees and agents with regard to this Code of Conduct. GridFlorida shall distribute copies of this Code of Conduct to each GridFlorida Director, officer, employee and agent, and require that each such Director, officer, employee and agent execute the attached compliance statement. GridFlorida shall monitor compliance with this Code of Conduct, and diligently enforce this Code of Conduct.

Q. GridFlorida shall accommodate, and all GridFlorida Directors, officers, employees and agents shall comply with, all independent compliance audits and annual compliance affidavits provided in GridFlorida's governing documents and agreements.

R. GridFlorida will not engage in any business activity or relationship that would compromise its independence as the operator of the transmission system and in the provision of transmission and related services to Market Participants.

COMPLIANCE STATEMENT

I, _____, have read GridFlorida's Code of
Conduct and agree to comply with the Standards contained therein.

Date: _____

Signature

Position

**GRIDFLORIDA, INC.
CODE OF CONDUCT**

I. Background

It is the policy of GridFlorida, Inc. (“GridFlorida”) to operate in a fair and non-discriminatory manner and to implement such rules and regulation in the governance of the organization as necessary to prevent control, or the appearance of control, of the decision-making process by any Market Participant; and

It is the policy of GridFlorida to operate, plan and direct additions to the Transmission System without adverse distinction or preference to any Market Participant; and

The Transmission System includes all transmission facilities that have been placed under the operational control of GridFlorida pursuant to GridFlorida's Participating Owners Management Agreement and in accordance with GridFlorida's Open Access Transmission Tariff; it is the policy of GridFlorida to operate the entire Transmission System without adverse distinction or preference based on the ownership of the facilities; and

It is the policy of GridFlorida that, except as specifically permitted herein, Directors, officers, and employees of GridFlorida shall not have a direct financial interest in any Market Participant or a conflict of interest that would conflict with the GridFlorida policy of conducting business in a fair and nondiscriminatory manner.

Nothing in this Code of Conduct is intended to restrict any rights that any federal or state regulatory authorities may have to receive or have access to any information.

II. **Standards**

In furtherance of the above policies, the Code of Conduct for GridFlorida shall include, but not be limited to, the following Standards:

A. GridFlorida and its agents, Directors, officers, and employees shall operate and plan the entire Transmission System without adverse distinction or preference to any Market Participant or owner of constituent facilities. In addition, the Transmission Tariff shall be applied without adverse distinction or preference to any Market Participant. Furthermore, GridFlorida shall procure goods and services without adverse distinction or preference to any Market Participant.

B. GridFlorida, in operating its business, shall require any consultant, contractor, and/or subcontractor of GridFlorida to disclose to GridFlorida all financial interests in Market Participants and conflicts of interest that would conflict with the GridFlorida policy of conducting business in a fair and non-discriminatory manner. The discretion to create or continue a direct or indirect business relationship with an entity that has such a financial affiliation or conflict of interest will be exercised in accordance with guidelines and policies adopted and posted by

GridFlorida. Said policy shall be applied without adverse distinction or preference to any Market Participant. These guidelines and policies will preclude arrangements under which GridFlorida has a consultant, contractor, subcontractor, or agent that acts as the functional equivalent of its employee but who, because not formally an employee, is thereby exempted from the provisions of this Code of Conduct applicable to employees.

C. No agent, officer, or employee of GridFlorida shall have any involvement in the sale of electric energy at wholesale or retail except as required or allowed by the Transmission Tariff.

D. A Director, officer, or employee will have no financial interest in any Market Participant, including ownership of securities, except that a Director, officer, or employee will be permitted to own stock in Market Participants through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segments thereof). A Director, officer, or employee will divest himself or herself of the securities of a Market Participant not permitted by the foregoing sentence within six months of becoming a Director, officer, or employee, provided that a Director, officer, or employee (or GridFlorida on behalf of the Director, officer, or employee) may request the FERC to grant an exception from this requirement or an extension of time to dispose of any such securities (in both cases with respect to only those securities

held by such Director, officer, or employee at the time of his or her initial election or appointment) if the FERC determines that disposition of the financial interest would result in an economic hardship to the Director, officer, or employee due to tax effects or legal restraints on the transfer of such securities and that granting the request will be consistent with the public interest. These restrictions shall also apply to all members of the Director, officer, or employee's immediate family (i.e., spouse and dependent children).

1. A Director, officer, or employee may continue his or her pre-existing participation in a qualified defined benefits pension plan and/or a health benefits plan of a Market Participant for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to the Director, officer, or employee under such pension plan do not vary with economic performance of the Market Participant or the value of any securities of the Market Participant held by the plan. If the prospective Director, officer, or employee has the opportunity to transfer his or her pension account to another unrelated plan and can do so without adverse financial consequences in the opinion of the ~~Board of Directors of~~

GridFlorida Independent Compliance Auditor, such transfer will be required.

E. During the continuation of his or her service as a Director, officer, or employee, such person, and members of his or her immediate family (i.e., spouse and dependent children), will not be (i) an employee, director or officer of any Market Participant or (ii) in a non-approved material ongoing business or professional relationship with any Market Participant. A material ongoing business or professional relationship includes (a) affiliation with an entity that derives more than five percent of its annual revenues from any Market Participant; (b) receiving more than one percent of that person's annual revenues from any Market Participant; (c) standing as creditor to a Market Participant in an amount exceeding one percent of the person's annual revenues; (d) participating in a professional firm that a Market Participant has retained within the past year, unless the retention is unrelated to Regional Transmission Organization matters, does not personally involve the person, and is consistent with applicable professional ethics; (e) an agreement to become, or to have the option of becoming, an employee, officer, director, agent, partner, or consultant of a Market Participant; (f) any other relationship with a Market Participant that is substantially similar in nature and scope to the above relationships; or (g) any other relationship that GridFlorida defines, with appropriate notice, as being included. For purposes of applying the above standards, relations with any associa-

tion or group of Market Participants will be treated as a relationship with each member of the association or group. The above standards do not preclude relationships that are disclosed to and permitted by the GridFlorida Board or its designee pursuant to publicly posted guidelines and policies.

F. Employees, agents, Directors, and officers of GridFlorida shall not accept any form of gratuity that would tend to affect, or give the appearance of affecting, their judgment in the performance of their duties. Food, refreshments and entertainment in the course of a luncheon, dinner, other meeting or corporate event, and non-cash gifts, such as pens, pencils, note pads, calendars, clothing or gifts received as a promotional matter or for a special occasion, are examples of acceptable gratuities. Cash in any form or amount is not considered an acceptable gift and is explicitly forbidden. GridFlorida will develop and publicly post specific policies regarding written records of all forms of gratuities and permitted aggregate values of gratuities.

G. GridFlorida Directors, officers, employees and agents shall not provide non-public transmission and reliability (hereinafter, "T/R") information (including T/R information obtained from Market Participants in the normal course of GridFlorida business) to anyone outside GridFlorida, except for such disclosure of information to T/R employees of transmission owners (as determined under the applicable standards of the FERC) to the extent necessary to transact GridFlorida

business. Those T/R employees, in turn, are governed by the FERC Order No. 889 (or successor FERC orders or rules) standards of conduct governing the sharing of any such information with the merchant employees of the respective transmission owners. GridFlorida shall maintain the confidentiality of any market information obtained from any Market Participant.

H. If a Director, officer, employee or agent of GridFlorida discloses confidential information relating to the operation or function of the organization, which disclosure is contrary to this Code of Conduct, then notice of such disclosure shall be posted immediately on the GridFlorida OASIS (or successor system as approved by the FERC).

I. GridFlorida Directors, officers, employees and agents shall treat all information supplied by an entity seeking transmission service under the Transmission Tariff, or supplied in connection with GridFlorida security coordinator functions, as confidential, unless the information is required to be placed on the GridFlorida OASIS, or the entity seeking transmission service agrees that the information can be disclosed, or the information is otherwise publicly available.

Notwithstanding the restrictions contained in this Paragraph I, GridFlorida Directors, officers, employees and agents may share information with third parties where required to satisfy the Operating Standards and Policies of the North American Electric Reliability Council or any successor reliability entity. A

confidentiality statement must be executed by the third party before any such information is disclosed. To the extent required by FERC regulations, such information shall be placed on the GridFlorida OASIS.

J. GridFlorida Directors, officers, employees and agents shall not give preferential access to transmission information, or any other information, to any Market Participant.

GridFlorida Directors, officers, employees and agents shall be prohibited from providing to any Market Participant, or to any employee, representative, or agent of any Market Participant, information regarding the Transmission System covered by the Transmission Tariff, unless that information is: (i) simultaneously posted on the GridFlorida OASIS; (ii) otherwise available to the general public without restriction; or (iii) is the type of information disclosed to any third party on a non-preferential basis.

Any disclosures of transmission information not in compliance with this Paragraph J shall be posted immediately on the GridFlorida OASIS.

K. Directors, officers, employees and agents of GridFlorida shall strictly enforce all Transmission Tariff provisions established by GridFlorida. In the event any director, officer, employee or agent of GridFlorida may exercise his or her discretion, or is allowed by the Transmission Tariff to exercise his or her discretion, with respect to transactions or actions covered by the Transmission Tariff, then such

discretion shall be exercised fairly and impartially, and such event shall be logged and available for FERC and GridFlorida's Independent Compliance Auditor to audit.

L. No employee, agent, or contractor of any entity engaged in wholesale or retail sales of electric energy, or any affiliate of such an entity, shall have access to the GridFlorida coordination center, except for educational tours approved by an officer of GridFlorida where notification of such tours is posted on the GridFlorida OASIS.

M. Notices shall be posted on the GridFlorida OASIS of any employee engaged in transmission and/or reliability functions who retires, resigns, is terminated or is transferred from GridFlorida. The posted information shall include the name of the employee, the title of the employee while performing service for GridFlorida, and the effective date of the retirement, resignation termination or transfer.

1. If GridFlorida hires an employee that worked for a Market Participant during the twelve month period prior to the hiring, notice will be posted on GridFlorida's OASIS. The posted information shall include the name of the employee, the identity of the Market Participant, the title of the employee while performing service for the Market Participant, and the effective date of the hiring.

2. GridFlorida will exercise due diligence to ensure that if a Market Participant hires an employee that worked for GridFlorida during the twelve month period prior to the hiring, notice will be posted on GridFlorida's OASIS. The posted information shall include, to the full extent available, the name of the employee, the title of the employee while performing service for GridFlorida, the identity of the Market Participant, and the effective date of the hiring.
3. GridFlorida will adopt employee policies that will (a) require protection of all proprietary and confidential information of GridFlorida for a reasonable period or periods of time after the employee ceases to be employed by GridFlorida and (b) require, as a condition to receiving all post-employment benefits not mandated by law, that the departing employee give notice of any employment commitment, at the time of the departure or within the twelve month period after the employee ceased employment with GridFlorida, with a Market Participant.

N. GridFlorida shall maintain books and records which shall be kept separately from those of any Market Participant.

O. GridFlorida shall establish and maintain a complaint procedure for alleged violations of any of the provisions of this Code of Conduct. The complaint procedure shall provide for the opportunity of alternative dispute resolution. The complaint procedure will be developed by GridFlorida and filed for FERC review. The complaint procedure may thereafter be amended through the same procedures.

P. GridFlorida shall inform and train GridFlorida Directors, officers, employees and agents with regard to this Code of Conduct. GridFlorida shall distribute copies of this Code of Conduct to each GridFlorida Director, officer, employee and agent, and require that each such Director, officer, employee and agent execute the attached compliance statement. GridFlorida shall monitor compliance with this Code of Conduct, and diligently enforce this Code of Conduct.

Q. GridFlorida shall accommodate, and all GridFlorida Directors, officers, employees and agents shall comply with, all independent compliance audits and annual compliance affidavits provided in GridFlorida's governing documents and agreements.

R. GridFlorida will not engage in any business activity or relationship that would compromise its independence as the operator of the transmission system and in the provision of transmission and related services to Market Participants.

COMPLIANCE STATEMENT

I, _____, have read GridFlorida's Code of
Conduct and agree to comply with the Standards contained therein.

Date: _____

Signature

Position

ATTACHMENT N

Planning Protocol

I. Overview.

This Attachment N describes the process to be used by the Transmission Provider in planning the Transmission System. Nothing in this Attachment is intended to restrict or expand existing state laws or regulatory authority.

The Transmission Provider shall be responsible for performing the planning function for the Transmission System and shall serve as the point of contact for all market participants with respect to GridFlorida's transmission services and planning. The Transmission Provider has the ultimate responsibility and authority for developing and approving a comprehensive GridFlorida-wide transmission plan through an annual planning process described in this Attachment. The GridFlorida planning process is an open and participatory process that effectuates the reliable and efficient planning of the Transmission System so as to meet the needs of all users of the Transmission System (e.g., utility generation, network generation, merchant generation, IPPs, LSEs) seeking long-term Network Transmission Service, Point-to-Point Transmission Service or Generator Interconnection Service under this Tariff, including planning for new interties with non Participating Owners and control areas

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

located outside the Transmission System in a non-discriminatory manner. An important element of the open and participatory process is the Transmission Planning Committee established by the Transmission Provider.

The GridFlorida planning process shall also (i) identify and facilitate, in a timely manner, the adoption and implementation of transmission projects and/or potential generation alternatives that can effectively relieve congestion; (ii) identify and evaluate longer range needs and facilitate transmission projects to expand competitive markets, including increased intertie capacity at the interfaces; (iii) maintain and enhance the efficiency and reliability of the Transmission System; (iv) consider whether expansion plans required to provide requested transmission service can be combined into a more efficient expansion plan; and (v) assess whether expansion can efficiently reduce overall Transmission System losses.

This process shall encourage and provide opportunities for meaningful, in-depth participation by all users of the Transmission System, the FPSC and other interested parties. In order that proposed generation and transmission projects are effectively coordinated so as to ensure reliability and efficient congestion management, for each planning period, the GridFlorida planning process shall include, at a minimum, timely, regular and complete public disclosure, consistent with confidenti-

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

ality requirements and information disclosure policies, of transmission projects proposed or endorsed; the underlying assumptions and data on which the proposal is based; analysis relied upon by the Transmission Provider concerning its proposed transmission plan or proposed generation alternatives offered by users of the Transmission System; and documents supporting assumptions underlying the proposed transmission expansion plan that are challenged by users of the Transmission System in the GridFlorida planning process.

II. The Transmission Provider, The Transmission Planning Committee And The FRCC.

The planning function for GridFlorida shall be the responsibility of the Transmission Provider. The process for carrying out the planning of the Transmission Provider shall be collaborative with the Transmission Provider, POs, LSEs, generators, Transmission Customers, the FRCC, the FPSC and other market participants. The Transmission Provider shall be organized to engage in such planning activities as are necessary to fulfill its obligations under the PO Management Agreement and this Tariff. In exercising such authority, the Transmission Provider shall (i) receive, evaluate and respond to requests for transmission service (e.g., requests associated with Network Service, Network Resources, Network Loads and

attendant new or modifications to existing points of delivery, Point-to-Point Service, and Generator Interconnection Service); and (ii) develop a comprehensive GridFlorida-wide transmission plan (hereinafter the “GridFlorida Plan”). In order to carry out this planning function, the Transmission Provider shall have the following responsibilities, set forth in more detail in subsequent Sections of this Attachment N:

(i) to calculate ATC; (ii) to develop cost-effective plans to resolve transmission constraints that inhibit requested transmission service and alleviate congestion in an efficient manner; and (iii) to create the GridFlorida Plan by integrating, evaluating, and modifying the transmission plans (refer to Exhibit N.1 of this Attachment N for timelines), and other findings from (a) studies (including but not limited to System Impact Studies and Facilities Studies), (b) plans and analyses developed by the individual POs, LSEs, and other market participants, to define transmission needs within their respective system(s), (c) plans and analyses developed by the Transmission Provider to define regional needs, and (d) Transmission Provider analyses giving consideration to information from the Transmission Planning Committee and other sources. The Transmission Provider shall make the final determination in the process, subject to the Dispute Resolution Procedures set forth in this Tariff and subject to review by the FERC or FPSC where appropriate.

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

There is hereby created a Transmission Planning Committee with the same member representation as the stakeholder Advisory Committee representatives. To the extent possible, representatives on the Transmission Planning Committee shall have transmission planning experience. The Transmission Provider will coordinate with the Transmission Planning Committee (i) in developing additional procedures, standards, and requirements associated with the planning process, (ii) in developing the GridFlorida Plan, including identifying matters that require resolution and possible alternatives to such matters, and (iii) other matters deemed appropriate by the Transmission Provider. The Transmission Provider shall exercise its discretion in how it utilizes the advice provided by the Transmission Planning Committee.

The FRCC's role in the reliability and planning process shall be to review and assess the plans and reliability assessment of the Transmission Provider (including POs as necessary), and, in coordination with NERC, develop reliability standards, and monitor and ensure compliance with such standards.

III. Calculation Of ATC.

The Transmission Provider shall be responsible for calculating ATC for the Transmission System. In calculating ATC, the Transmission Provider shall: (i) take into account transmission limits; (ii) use planning criteria compatible with opera-

Issued By: President of GridFlorida, Inc.
Issued On: [to be inserted]

Effective: Effective on
the Date of GridFlorida Operations

tions, including the use of appropriate equipment ratings; (iii) follow the general principles set forth in the NERC documents, Transfer Capability (May 1995) and Available Transfer Capability: Definition and Determination (June 1996) and in accordance with Attachment C and O to this Tariff, as those documents may be revised from time to time; (iv) provide for projected load growth, all relevant committed transactions and their resulting power flows throughout the interconnection; and (v) use appropriate analytical tools to determine thermal, voltage, and stability constraints.

The Transmission Provider shall adhere to applicable reliability criteria of NERC and the FRCC, or successor organizations, and planning criteria consistent with the planning, design and construction standards discussed in Section IX of this Attachment N. The Transmission Provider shall also apply equipment capability ratings provided by the POs for their respective Transmission System facilities. The process to be used by the Transmission Provider to validate the ratings is discussed in Section V of this Attachment N. Disputes regarding equipment capability ratings may be resolved through the Dispute Resolution Procedures set forth in this Tariff.

The Transmission Provider shall at all times comply with the procedures of this Tariff for calculating ATC.

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

IV. Evaluation Of Transmission Service Requests.

The Transmission Provider shall receive, evaluate, and respond to all requests for transmission service that involve the use of the Transmission System. With respect to all such requests, the Transmission Provider shall analyze and make the determination on access to the Transmission System, including the amount of transmission service which the Transmission System can support. The Transmission Provider shall document all requests for transmission service, the disposition of those requests, and supporting data. In order to carry out this function the Transmission Provider shall consult with the transmission planning representatives of the affected POs on matters such as equipment, procedures, maintenance, reliability, and public or worker safety. The Transmission Provider shall provide the transmission planning representatives of each PO with sufficient information to model local conditions and to monitor local consequences of the Transmission Provider's decisions related to requests for transmission service.

Additionally, the Transmission Provider shall coordinate with affected POs to process requests for service involving the use of distribution facilities relating to service under this Tariff in accordance with the Agency Agreement.

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

V. Resolution Of Transmission Constraints.

When the evaluation of posted ATCs reveals apparent transmission constraints that would preclude a requested transaction, the Transmission Provider shall act in a manner consistent with the provisions of this Tariff.

The Transmission Provider shall follow the procedures of this Tariff when conducting studies. Upon receipt of an executed study agreement, the Transmission Provider shall form, chair, and direct the activities of an Ad Hoc Working Group that includes representatives of all affected POs. The Ad Hoc Working Group shall develop expansion alternatives, perform the described studies, and develop the resulting options and costs, which shall be provided to the Transmission Customer by the Transmission Provider.

Each PO shall file with the Transmission Provider information regarding the physical ratings of all of its equipment in the Transmission System. This information is intended to reflect the normal and emergency ratings routinely used in regional load flow and stability analyses. In carrying out its responsibilities, the Transmission Provider shall apply ratings that have been provided by the respective POs and have been verified and accepted as appropriate by the Transmission Provider where such ratings affect the reliability of the Transmission System. When requested by the

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

Transmission Provider, POs shall provide specific methods by which the ratings of equipment are calculated. If the Transmission Provider and the POs' respective planning representatives cannot reach agreement on a rating, the dispute shall be resolved through the Dispute Resolution Procedures set forth in this Tariff. However, the Transmission Provider shall use the ratings provided by the PO unless and until such ratings are changed through the Dispute Resolution process or by voluntary agreement with the affected PO.

VI. Development Of GridFlorida Transmission Plan.

The Transmission Provider shall develop the GridFlorida Plan, consistent with Good Utility Practice and taking into consideration long-range planning horizons, as appropriate. The Transmission Provider shall develop this plan for expected use patterns and analyze the performance of the Transmission System in meeting both reliability needs and the needs of the competitive bulk power market, under a wide variety of contingency conditions. The Transmission Provider shall update this plan to include projects related to interconnection service and Transmission Service.

The GridFlorida Plan will give full consideration to the transmission needs of all market participants, and identify expansions needed to support competition in

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

bulk power markets and in maintaining reliability taking into consideration demand side options and generation alternatives to transmission expansion. This analysis and planning process shall integrate into the development of the GridFlorida Plan among other things: (i) the transmission needs identified from studies (including but not limited to System Impact Studies and Facilities Studies) carried out in connection with specific transmission service requests to the Transmission Provider; (ii) the transmission needs identified by the POs and LSEs in connection with their planning analyses to provide reliable power supply to their connected load; (iii) the transmission planning obligations of a PO, imposed by federal or state law(s) or regulatory authorities, which can no longer be performed solely by the PO following transfer of operational control of its transmission facilities to the Transmission Provider; (iv) the inputs provided by the Transmission Planning Committee; (v) the inputs, if any, provided by the FRCC and the FPSC; and (vi) the transmission needs identified by the Transmission Provider and market participants in order to expand trading opportunities, better integrate the grid and alleviate congestion in an efficient manner. As a transition mechanism, at the commencement of operation of the Transmission Provider, the Transmission Provider shall adopt and incorporate into its transmission expansion plan the most recent ten (10) year plan of all POs associ-

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

ated with facilities that are considered part of the Transmission System, including facilities that are planned to serve Network Customers or to satisfy outstanding Long-Term Firm Point-to-Point transmission service requests of the POs as delineated in Exhibit N.2 to this Attachment N.

The Transmission Provider shall seek out opportunities to coordinate or consolidate, where possible, individually defined transmission projects into more comprehensive cost-effective developments subject to the limitations imposed by prior commitments and lead time constraints. This multi-party collaborative process is designed to ensure the development of the most efficient and cost-effective GridFlorida Plan that will meet reliability needs and expand competitive markets, better integrate the grid, and alleviate congestion, while giving consideration to the inputs from all stakeholders.

The Transmission Provider shall test the GridFlorida Plan for adequacy and security based on all applicable criteria. The GridFlorida Plan shall adhere to applicable reliability requirements of NERC, FRCC, or successor organizations, its planning criteria consistent with the planning, design and construction standards discussed in Section IX of this Attachment N. To the extent there are any disagreements with any element of the GridFlorida Plan, the dispute may be resolved through

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

the Dispute Resolution Procedures set forth in this Tariff or by the FERC or FPSC, where appropriate. The GridFlorida Plan shall have as one of its goals the satisfaction of all regulatory requirements. That is, the Transmission Provider shall not require that projects be undertaken where the Transmission Provider concludes that it is reasonable to expect that the necessary regulatory approvals for construction and cost recovery will not be obtained.

The proposed GridFlorida Plan shall include specific projects already approved as a result of the Transmission Provider entering into Service Agreements with Transmission Customers where such agreements provide for identification of needed transmission construction, its timetable, cost, and PO or other parties' construction responsibilities. Approval of the GridFlorida Plan by the Board certifies it as the Transmission Provider's plan for meeting the transmission needs of all stakeholders subject to any required approvals by federal or state regulatory authorities. The Transmission Provider shall provide, as necessary, a copy of the approved GridFlorida Plan to all applicable federal and state regulatory authorities.

The FPSC has the right to review the GridFlorida Plan (and supporting data) and to provide input to the Transmission Provider and POs during the decision making process as to the need for new transmission facilities. To the extent that

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

proposed incremental facilities selected by the Transmission Provider and POs include facilities that are subject to the FPSC's siting jurisdiction, the proposed expansion shall be submitted to the FPSC for its review and approval in accordance with the relevant statutory standards.

The Transmission Provider shall post on the OASIS and provide as required to appropriate state regulatory authorities, a five-to-ten-year (5-to-10-year) planning report representing the GridFlorida Plan. Annual reports and planning reports shall be available to interested parties upon request.

VII. Construction Of Facilities Identified by GridFlorida

For facilities that will be connected to a single PO's system, that PO shall be designated by the Transmission Provider as the party responsible to construct, own, and maintain such facilities, unless the Transmission Provider and PO otherwise agree. For facilities that will be connected between two (2) or more POs' facilities, those POs shall be designated as the parties equally responsible to construct, own, and maintain such facilities, unless such POs otherwise agree. For facilities within the GridFlorida footprint that will be connected between a PO's system and a system or systems that are not part of the Transmission System, that PO initially shall be designated as the party responsible to construct, own, and maintain such facilities

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

unless the Transmission Provider, the PO and the non-GridFlorida party or parties otherwise agree.

The Transmission Provider shall notify each designated PO of the PO's initial designation as the entity responsible to own and construct facilities under the GridFlorida Plan. If the designated PO notifies the Transmission Provider that it does not wish to own and construct such facilities, alternate arrangements shall be identified by the Transmission Provider. Depending on the specific circumstances, such alternate arrangements shall include solicitation of other POs or others to take on financial and/or construction responsibilities. Notwithstanding the above, the Transmission Provider may require a PO, to the extent necessary, to apply for all necessary certificates of public convenience and necessity and permits for the construction of transmission facilities that will become part of the Transmission System, and to use its power of eminent domain, including rights of way, for the construction of such transmission facilities.

If the Transmission Provider is unable to enter into alternate arrangements under commercially reasonable terms, it shall notify the originally designated PO. In such instances, the originally designated PO shall be responsible to own and construct such facilities, provided, however, that such PO may contest its obligation to

own and construct such facilities by providing the Transmission Provider notice that such PO would face undue financial burden in carrying out its construction responsibilities. Upon receiving such notice, the Transmission Provider may seek an order from the FPSC or the Commission requiring such designated PO to own and construct such facilities. The construction of any major new transmission facilities shall be competitively bid. The PO shall have the right to construct the required facilities by matching the lowest bid for construction of the required facilities.

The Transmission Provider shall assist the affected PO(s) or other relevant entities in justifying the need for, and obtaining certification of, any facilities required by the approved GridFlorida Plan by preparing and presenting testimony in any proceedings before state or federal courts, regulatory authorities, or other agencies as may be required. The Transmission Provider shall have the right to compare actual construction costs to a PO's final bid amount for any facility constructed by that PO.

VIII. Planning Responsibilities Of POs.

To fulfill their roles in the collaborative process for the development of the GridFlorida Plan, the POs shall assist the Transmission Provider in developing the GridFlorida Plan while taking into consideration the needs of (i) connected loads,

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

including load growth, (ii) new customers and new generation sources within the PO's system, and (iii) known transmission service requests. However, the Transmission Provider will have the responsibility and authority for coordinating the performance of the studies and implementing the results of such studies.

POs shall provide to the Transmission Provider necessary modeling or supporting data requested by the Transmission Provider. POs shall carry out other duties that support the objectives of the Transmission Provider planning process, the calculation of ATC, or regional reliability analyses. POs shall participate in the integration and testing of the GridFlorida Plan. POs shall serve on Ad Hoc Working Groups established by the Transmission Provider to respond to transmission service requests and other matters. In accordance with the Agency Agreement, POs may also need to calculate ATC at points of delivery to or receipt from distribution facilities, as required by the Transmission Provider.

IX. Planning And Facilities Standards And Provisions For Enhanced Facilities And Expedited Construction.

The Transmission Provider shall develop standards in collaboration with POs, LSEs, generators and other market participants for the planning, design and construction ("the GridFlorida Planning and Facilities Standards") of new facilities that are

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

part of the Transmission System. The GridFlorida Planning and Facilities Standards shall apply on a comparable basis to all facilities included in the Transmission System, and will be phased in over a period of time not to exceed five years from the commencement of the Transmission Provider operations. A Transmission Customer may request the application of higher standards. Such a request may be made for any reason (e.g., enhanced reliability, environmental, aesthetic and other land-use planning reasons). Until such time that the GridFlorida Planning and Facilities Standards are developed, the POs' standards associated with planning, design and construction shall be followed, unless the Transmission Provider can demonstrate that a PO's standards are below what constitutes Good Utility Practice, in which case the Transmission Provider shall impose standards consistent with Good Utility Practice. In the event that the Transmission Provider questions the appropriateness of a PO's planning, design, or construction criteria, the matter may be resolved through the Dispute Resolution Procedures set forth in this Tariff. Until any such dispute is resolved, the PO's criteria shall govern.

A Transmission Customer may request to the Transmission Provider and the PO shall consistent with Section IX of this Attachment N be obligated to interconnect enhanced or special facilities, regardless of whether such facilities have been

Issued By: President of GridFlorida, Inc.
Issued On: [to be inserted]

Effective: Effective on
the Date of GridFlorida Operations

identified as necessary by the Transmission Provider as part of the planning process. Such request may be made at any time and for any reason (e.g., enhanced reliability, environmental, aesthetic and other land-use planning reasons). Such request will be granted, provided that (i) the requested facilities do not adversely affect system reliability; and (ii) the requesting party agrees to pay for any additional costs incurred in connection with the such facilities.

In order to meet special circumstances, a Transmission Customer may construct a delivery point or enhanced facilities itself on an expedited basis, provided such facilities meet the standards in this Section IX. As soon as reasonably practicable after the Transmission Customer determines that it will construct such facilities itself, the Transmission Customer will inform the Transmission Provider and applicable PO, and will provide them with conceptual plans of the facilities to be constructed. At least 90 days prior to commencing construction of such facility, the Transmission Customer shall submit its request to the Transmission Provider and applicable PO specifying the facilities, along with detailed plans for such facilities consistent with GridFlorida Planning and Facilities Standards. The plans will be reviewed for the purpose of determining whether the facilities adversely affect reliability. Prior to interconnecting any such facilities to the Transmission System,

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

the Transmission Provider and PO shall have the right to inspect the facilities to ensure that they will not adversely affect the reliability of the Transmission System.

X. Coordination Between The Transmission Provider Operating And Planning Staffs.

The Transmission Provider planning staff shall provide support to the Transmission Provider operating staff in determining and posting ATC in accordance with Attachment O to this Tariff and in developing and reviewing operating procedures. The Transmission Provider planning staff also shall assist the operating staff by performing operational planning assessments for near-term system configurations. Within their respective time horizons, the operating and planning staffs shall have the same general responsibilities for determining whether the Transmission System can accommodate a specific transaction. The planning staff shall be responsible for all responses to requests for transmission service that require an expansion of the Transmission System.

XI. Additional Responsibilities Of The Transmission Provider.

Among other general responsibilities, the Transmission Provider shall also:

- (i) develop the GridFlorida Plan taking into consideration Points of Delivery principles consistent with Exhibit N.3 to this Attachment N; (ii) facilitate communications

Issued By: President of GridFlorida, Inc.
Issued On: [to be inserted]

Effective: Effective on
the Date of GridFlorida Operations

among POs, transmission customers, generation suppliers, and other stakeholders;
(iii) develop databases (e.g., load flow, dynamic and short circuit) used in the
planning process incorporating information provided by the applicable parties; (iv)
coordinate planning with non POs and other RTOs; and (v) periodically monitor real-
time data to identify emerging trends that require modification of planning assump-
tions to assure the reliable operation of the Transmission System in the future.

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

ATTACHMENT N

Planning Protocol

I. Overview.

This Attachment N describes the process to be used by the Transmission Provider in planning the Transmission System. Nothing in this Attachment is intended to restrict or expand existing state laws or regulatory authority.

The Transmission Provider shall be responsible for performing the planning function for the Transmission System and shall serve as the point of contact for all market participants with respect to GridFlorida's transmission services and planning. The Transmission Provider has the ultimate responsibility and authority for developing and approving a comprehensive GridFlorida-wide transmission plan through an annual planning process described in this Attachment. The GridFlorida planning process is an open and participatory process that effectuates the reliable and efficient planning of the Transmission System so as to meet the needs of all users of the Transmission System (e.g., utility generation, network generation, merchant generation, IPPs, LSEs) seeking long-term Network Transmission Service, Point-to-Point Transmission Service or Generator Interconnection Service under this Tariff, including planning for new interties with non Participating Owners and control areas

Issued By: President of GridFlorida, Inc.
Issued On: [to be inserted]

Effective: Effective on
the Date of GridFlorida Operations

located outside the Transmission System in a non-discriminatory manner. An important element of the open and participatory process is the Transmission Planning Committee established by the Transmission Provider.

The GridFlorida planning process shall also (i) identify and facilitate, in a timely manner, the adoption and implementation of transmission projects and/or potential generation alternatives that can effectively relieve congestion; (ii) identify and evaluate longer range needs and facilitate transmission projects to expand competitive markets, including increased intertie capacity at the interfaces; (iii) maintain and enhance the efficiency and reliability of the Transmission System; (iv) consider whether expansion plans required to provide requested transmission service can be combined into a more efficient expansion plan; and (v) assess whether expansion can efficiently reduce overall Transmission System losses.

This process shall encourage and provide opportunities for meaningful, in-depth participation by all users of the Transmission System, the FPSC and other interested parties. In order that proposed generation and transmission projects are effectively coordinated so as to ensure reliability and efficient congestion management, for each planning period, the GridFlorida planning process shall include, at a minimum, timely, regular and complete public disclosure, consistent with confidenci-

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

ality requirements and information disclosure policies, of transmission projects proposed or endorsed; the underlying assumptions and data on which the proposal is based; analysis relied upon by the Transmission Provider concerning its proposed transmission plan or proposed generation alternatives offered by users of the Transmission System; and documents supporting assumptions underlying the proposed transmission expansion plan that are challenged by users of the Transmission System in the GridFlorida planning process.

II. The Transmission Provider, The Transmission Planning Committee And The FRCC.

The planning function for GridFlorida shall be the responsibility of the Transmission Provider. The process for carrying out the planning of the Transmission Provider shall be collaborative with the Transmission Provider, POs, LSEs, generators, Transmission Customers, the FRCC, the FPSC and other market participants. The Transmission Provider shall be organized to engage in such planning activities as are necessary to fulfill its obligations under the PO Management Agreement and this Tariff. In exercising such authority, the Transmission Provider shall (i) receive, evaluate and respond to requests for transmission service (e.g., requests associated with Network Service, Network Resources, Network Loads and

attendant new or modifications to existing points of delivery, Point-to-Point Service, and Generator Interconnection Service); and (ii) develop a comprehensive GridFlorida-wide transmission plan (hereinafter the “GridFlorida Plan”). In order to carry out this planning function, the Transmission Provider shall have the following responsibilities, set forth in more detail in subsequent Sections of this Attachment N:

(i) to calculate ATC; (ii) to develop cost-effective plans to resolve transmission constraints that inhibit requested transmission service and alleviate congestion in an efficient manner; and (iii) to create the GridFlorida Plan by integrating, evaluating, and modifying the transmission plans (refer to Exhibit N.1 of this Attachment N for timelines), and other findings from (a) studies (including but not limited to System Impact Studies and Facilities Studies), (b) plans and analyses developed by the individual POs, LSEs, and other market participants, to define transmission needs within their respective system(s), (c) plans and analyses developed by the Transmission Provider to define regional needs, and (d) Transmission Provider analyses giving consideration to information from the Transmission Planning Committee and other sources. The Transmission Provider shall make the final determination in the process, subject to the Dispute Resolution Procedures set forth in this Tariff and subject to review by the FERC or FPSC where appropriate.

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

There is hereby created a Transmission Planning Committee with the same member representation as the stakeholder Advisory Committee representatives. To the extent possible, representatives on the Transmission Planning Committee shall have transmission planning experience. The Transmission Provider will coordinate with the Transmission Planning Committee (i) in developing additional procedures, standards, and requirements associated with the planning process, (ii) in developing the GridFlorida Plan, including identifying matters that require resolution and possible alternatives to such matters, and (iii) other matters deemed appropriate by the Transmission Provider. The Transmission Provider shall exercise its discretion in how it utilizes the advice provided by the Transmission Planning Committee.

The FRCC's role in the reliability and planning process shall be to review and assess the plans and reliability assessment of the Transmission Provider (including POs as necessary), and, in coordination with NERC, develop reliability standards, and monitor and ensure compliance with such standards.

III. Calculation Of ATC.

The Transmission Provider shall be responsible for calculating ATC for the Transmission System. In calculating ATC, the Transmission Provider shall: (i) take into account transmission limits; (ii) use planning criteria compatible with opera-

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

tions, including the use of appropriate equipment ratings; (iii) follow the general principles set forth in the NERC documents, Transfer Capability (May 1995) and Available Transfer Capability: Definition and Determination (June 1996) and in accordance with Attachment C and O to this Tariff, as those documents may be revised from time to time; (iv) provide for projected load growth, all relevant committed transactions and their resulting power flows throughout the interconnection; and (v) use appropriate analytical tools to determine thermal, voltage, and stability constraints.

The Transmission Provider shall adhere to applicable reliability criteria of NERC and the FRCC, or successor organizations, and planning criteria consistent with the planning, design and construction standards discussed in Section IX of this Attachment N. The Transmission Provider shall also apply equipment capability ratings provided by the POs for their respective Transmission System facilities. The process to be used by the Transmission Provider to validate the ratings is discussed in Section V of this Attachment N. Disputes regarding equipment capability ratings may be resolved through the Dispute Resolution Procedures set forth in this Tariff. The Transmission Provider shall at all times comply with the procedures of this Tariff for calculating ATC.

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

IV. Evaluation Of Transmission Service Requests.

The Transmission Provider shall receive, evaluate, and respond to all requests for transmission service that involve the use of the Transmission System. With respect to all such requests, the Transmission Provider shall analyze and make the determination on access to the Transmission System, including the amount of transmission service which the Transmission System can support. The Transmission Provider shall document all requests for transmission service, the disposition of those requests, and supporting data. In order to carry out this function the Transmission Provider shall consult with the transmission planning representatives of the affected POs on matters such as equipment, procedures, maintenance, reliability, and public or worker safety. The Transmission Provider shall provide the transmission planning representatives of each PO with sufficient information to model local conditions and to monitor local consequences of the Transmission Provider's decisions related to requests for transmission service.

Additionally, the Transmission Provider shall coordinate with affected POs to process requests for service involving the use of distribution facilities relating to service under this Tariff in accordance with the Agency Agreement.

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

V. Resolution Of Transmission Constraints.

When the evaluation of posted ATCs reveals apparent transmission constraints that would preclude a requested transaction, the Transmission Provider shall act in a manner consistent with the provisions of this Tariff.

The Transmission Provider shall follow the procedures of this Tariff when conducting studies. Upon receipt of an executed study agreement, the Transmission Provider shall form, chair, and direct the activities of an Ad Hoc Working Group that includes representatives of all affected POs. The Ad Hoc Working Group shall develop expansion alternatives, perform the described studies, and develop the resulting options and costs, which shall be provided to the Transmission Customer by the Transmission Provider.

Each PO shall file with the Transmission Provider information regarding the physical ratings of all of its equipment in the Transmission System. This information is intended to reflect the normal and emergency ratings routinely used in regional load flow and stability analyses. In carrying out its responsibilities, the Transmission Provider shall apply ratings that have been provided by the respective POs and have been verified and accepted as appropriate by the Transmission Provider where such ratings affect the reliability of the Transmission System. When requested by the

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

Transmission Provider, POs shall provide specific methods by which the ratings of equipment are calculated. If the Transmission Provider and the POs' respective planning representatives cannot reach agreement on a rating, the dispute shall be resolved through the Dispute Resolution Procedures set forth in this Tariff. However, the Transmission Provider shall use the ratings provided by the PO unless and until such ratings are changed through the Dispute Resolution process or by voluntary agreement with the affected PO.

VI. Development Of GridFlorida Transmission Plan.

The Transmission Provider shall develop the GridFlorida Plan, consistent with Good Utility Practice and taking into consideration long-range planning horizons, as appropriate. The Transmission Provider shall develop this plan for expected use patterns and analyze the performance of the Transmission System in meeting both reliability needs and the needs of the competitive bulk power market, under a wide variety of contingency conditions. The Transmission Provider shall update this plan to include projects related to interconnection service and Transmission Service.

The GridFlorida Plan will give full consideration to the transmission needs of all market participants, and identify expansions needed to support competition in

Issued By: President of GridFlorida, Inc.
Issued On: [to be inserted]

Effective: Effective on
the Date of GridFlorida Operations

bulk power markets and in maintaining reliability taking into consideration demand side options and generation alternatives to transmission expansion. This analysis and planning process shall integrate into the development of the GridFlorida Plan among other things: (i) the transmission needs identified from studies (including but not limited to System Impact Studies and Facilities Studies) carried out in connection with specific transmission service requests to the Transmission Provider; (ii) the transmission needs identified by the POs and LSEs in connection with their planning analyses to provide reliable power supply to their connected load; (iii) the transmission planning obligations of a PO, imposed by federal or state law(s) or regulatory authorities, which can no longer be performed solely by the PO following transfer of operational control of its transmission facilities to the Transmission Provider; (iv) the inputs provided by the Transmission Planning Committee; (v) the inputs, if any, provided by the FRCC and the FPSC; and (vi) the transmission needs identified by the Transmission Provider and market participants in order to expand trading opportunities, better integrate the grid and alleviate congestion in an efficient manner. As a transition mechanism, at the commencement of operation of the Transmission Provider, the Transmission Provider shall adopt and incorporate into its transmission expansion plan the most recent ten (10) year plan of all POs associ-

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

ated with facilities that are considered part of the Transmission System, including facilities that are planned to serve Network Customers or to satisfy outstanding Long-Term Firm Point-to-Point transmission service requests of the POs as delineated in Exhibit N.2 to this Attachment N.

The Transmission Provider shall seek out opportunities to coordinate or consolidate, where possible, individually defined transmission projects into more comprehensive cost-effective developments subject to the limitations imposed by prior commitments and lead time constraints. This multi-party collaborative process is designed to ensure the development of the most efficient and cost-effective GridFlorida Plan that will meet reliability needs and expand competitive markets, better integrate the grid, and alleviate congestion, while giving consideration to the inputs from all stakeholders.

The Transmission Provider shall test the GridFlorida Plan for adequacy and security based on all applicable criteria. The GridFlorida Plan shall adhere to applicable reliability requirements of NERC, FRCC, or successor organizations, its planning criteria consistent with the planning, design and construction standards discussed in Section IX of this Attachment N. To the extent there are any disagreements with any element of the GridFlorida Plan, the dispute may be resolved through

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

the Dispute Resolution Procedures set forth in this Tariff or by the FERC or FPSC, where appropriate. The GridFlorida Plan shall have as one of its goals the satisfaction of all regulatory requirements. That is, the Transmission Provider shall not require that projects be undertaken where ~~it is reasonably expected~~ the Transmission Provider concludes that it is reasonable to expect that the necessary regulatory approvals for construction and cost recovery will not be obtained.

The proposed GridFlorida Plan shall include specific projects already approved as a result of the Transmission Provider entering into Service Agreements with Transmission Customers where such agreements provide for identification of needed transmission construction, its timetable, cost, and PO or other parties' construction responsibilities. Approval of the GridFlorida Plan by the Board certifies it as the Transmission Provider's plan for meeting the transmission needs of all stakeholders subject to any required approvals by federal or state regulatory authorities. The Transmission Provider shall provide, as necessary, a copy of the approved GridFlorida Plan to all applicable federal and state regulatory authorities.

The FPSC has the right to review the GridFlorida Plan (and supporting data) and to provide input to the Transmission Provider and POs during the decision making process as to the need for new transmission facilities. To the extent that

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

proposed incremental facilities selected by the Transmission Provider and POs include facilities that are subject to the FPSC's siting jurisdiction, the proposed expansion shall be submitted to the FPSC for its review and approval in accordance with the relevant statutory standards.

The Transmission Provider shall post on the OASIS and provide as required to appropriate state regulatory authorities, a five-to-ten-year (5-to-10-year) planning report representing the GridFlorida Plan. Annual reports and planning reports shall be available to interested parties upon request.

VII. Construction Of Facilities Identified by GridFlorida

For facilities that will be connected to a single PO's system, that PO shall be designated by the Transmission Provider as the party responsible to construct, own, and maintain such facilities, unless the Transmission Provider and PO otherwise agree. For facilities that will be connected between two (2) or more POs' facilities, those POs shall be designated as the parties equally responsible to construct, own, and maintain such facilities, unless such POs otherwise agree. For facilities within the GridFlorida footprint that will be connected between a PO's system and a system or systems that are not part of the Transmission System, that PO initially shall be designated as the party responsible to construct, own, and maintain such facilities

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

unless the Transmission Provider, the PO and the non-GridFlorida party or parties otherwise agree.

The Transmission Provider shall notify each designated PO of the PO's initial designation as the entity responsible to own and construct facilities under the GridFlorida Plan. If the designated PO notifies the Transmission Provider that it does not wish to own and construct such facilities, alternate arrangements shall be identified by the Transmission Provider. Depending on the specific circumstances, such alternate arrangements shall include solicitation of other POs or others to take on financial and/or construction responsibilities. Notwithstanding the above, the Transmission Provider may require a PO, to the extent necessary, to apply for all necessary certificates of public convenience and necessity and permits for the construction of transmission facilities that will become part of the Transmission System, and to use its power of eminent domain, including rights of way, for the construction of such transmission facilities.

If the Transmission Provider is unable to enter into alternate arrangements under commercially reasonable terms, it shall notify the originally designated PO. In such instances, the originally designated PO shall be responsible to own and construct such facilities, provided, however, that such PO may contest its obligation to

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

own and construct such facilities by providing the Transmission Provider notice that such PO would face undue financial burden in carrying out its construction responsibilities. Upon receiving such notice, the Transmission Provider may seek an order from the FPSC or the Commission requiring such designated PO to own and construct such facilities. The construction of any major new transmission facilities shall be competitively bid. The PO shall have the right to construct the required facilities by matching the lowest bid for construction of the required facilities.

The Transmission Provider shall assist the affected PO(s) or other relevant entities in justifying the need for, and obtaining certification of, any facilities required by the approved GridFlorida Plan by preparing and presenting testimony in any proceedings before state or federal courts, regulatory authorities, or other agencies as may be required. The Transmission Provider shall have the right to compare actual construction costs to a PO's final bid amount for any facility constructed by that PO.

VIII. Planning Responsibilities Of POs.

To fulfill their roles in the collaborative process for the development of the GridFlorida Plan, the POs shall assist the Transmission Provider in developing the GridFlorida Plan while taking into consideration the needs of (i) connected loads,

Issued By: President of GridFlorida, Inc.
Issued On: [to be inserted]

Effective: Effective on
the Date of GridFlorida Operations

including load growth, (ii) new customers and new generation sources within the PO's system, and (iii) known transmission service requests. However, the Transmission Provider will have the responsibility and authority for coordinating the performance of the studies and implementing the results of such studies.

POs shall provide to the Transmission Provider necessary modeling or supporting data requested by the Transmission Provider. POs shall carry out other duties that support the objectives of the Transmission Provider planning process, the calculation of ATC, or regional reliability analyses. POs shall participate in the integration and testing of the GridFlorida Plan. POs shall serve on Ad Hoc Working Groups established by the Transmission Provider to respond to transmission service requests and other matters. In accordance with the Agency Agreement, POs may also need to calculate ATC at points of delivery to or receipt from distribution facilities, as required by the Transmission Provider.

IX. Planning And Facilities Standards And Provisions For Enhanced Facilities And Expedited Construction.

The Transmission Provider shall develop standards in collaboration with POs, LSEs, generators and other market participants for the planning, design and construction ("the GridFlorida Planning and Facilities Standards") of new facilities that are

part of the Transmission System. The GridFlorida Planning and Facilities Standards shall apply on a comparable basis to all facilities included in the Transmission System, and will be phased in over a period of time not to exceed five years from the commencement of the Transmission Provider operations. A Transmission Customer may request the application of higher standards. Such a request may be made for any reason (e.g., enhanced reliability, environmental, aesthetic and other land-use planning reasons). Until such time that the GridFlorida Planning and Facilities Standards are developed, the POs' standards associated with planning, design and construction shall be followed, unless the Transmission Provider can demonstrate that a PO's standards are below what constitutes Good Utility Practice, in which case the Transmission Provider shall impose standards consistent with Good Utility Practice. In the event that the Transmission Provider questions the appropriateness of a PO's planning, design, or construction criteria, the matter may be resolved through the Dispute Resolution Procedures set forth in this Tariff. Until any such dispute is resolved, the PO's criteria shall govern.

A Transmission Customer may request to the Transmission Provider and the PO shall consistent with Section IX of this Attachment N be obligated to interconnect enhanced or special facilities, regardless of whether such facilities have been

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

identified as necessary by the Transmission Provider as part of the planning process. Such request may be made at any time and for any reason (e.g., enhanced reliability, environmental, aesthetic and other land-use planning reasons). Such request will be granted, provided that (i) the requested facilities do not adversely affect system reliability; and (ii) the requesting party agrees to pay for any additional costs incurred in connection with the such facilities.

In order to meet special circumstances, a Transmission Customer may construct a delivery point or enhanced facilities itself on an expedited basis, provided such facilities meet the standards in this Section IX. As soon as reasonably practicable after the Transmission Customer determines that it will construct such facilities itself, the Transmission Customer will inform the Transmission Provider and applicable PO, and will provide them with conceptual plans of the facilities to be constructed. At least 90 days prior to commencing construction of such facility, the Transmission Customer shall submit its request to the Transmission Provider and applicable PO specifying the facilities, along with detailed plans for such facilities consistent with GridFlorida Planning and Facilities Standards. The plans will be reviewed for the purpose of determining whether the facilities adversely affect reliability. Prior to interconnecting any such facilities to the Transmission System,

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations

the Transmission Provider and PO shall have the right to inspect the facilities to ensure that they will not adversely affect the reliability of the Transmission System.

X. Coordination Between The Transmission Provider Operating And Planning Staffs.

The Transmission Provider planning staff shall provide support to the Transmission Provider operating staff in determining and posting ATC in accordance with Attachment O to this Tariff and in developing and reviewing operating procedures. The Transmission Provider planning staff also shall assist the operating staff by performing operational planning assessments for near-term system configurations. Within their respective time horizons, the operating and planning staffs shall have the same general responsibilities for determining whether the Transmission System can accommodate a specific transaction. The planning staff shall be responsible for all responses to requests for transmission service that require an expansion of the Transmission System.

XI. Additional Responsibilities Of The Transmission Provider.

Among other general responsibilities, the Transmission Provider shall also:

(i) develop the GridFlorida Plan taking into consideration Points of Delivery principles consistent with Exhibit N.3 to this Attachment N; (ii) facilitate communications

Issued By: President of GridFlorida, Inc.
Issued On: [to be inserted]

Effective: Effective on
the Date of GridFlorida Operations

among POs, transmission customers, generation suppliers, and other stakeholders;

(iii) develop databases (e.g., load flow, dynamic and short circuit) used in the planning process incorporating information provided by the applicable parties; (iv) coordinate planning with non POs and other RTOs; and (v) periodically monitor real-time data to identify emerging trends that require modification of planning assumptions to assure the reliable operation of the Transmission System in the future.

Issued By: President of GridFlorida, Inc.
Issued On: **[to be inserted]**

Effective: Effective on
the Date of GridFlorida Operations