ORIGINAL

031093-EQ

STEEL HECTOR & DAVIS

REGISTERED LIMITED LIABILITY PARTNERSHIP

Steel Hector & Davis LLP
215 South Monroe, Suite 601
Tallahassee, Florida 32301-1804
850.222.2300
850.222.8410 Fax
www.steelhector.com

Charles A. Guyton
850.222.3423

December 5, 2003

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COMMISSION CLERK

VIA HAND DELIVERY

Blanca S. Bayó, Director
Division of the Commission Clerk & Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Petition for Approval of Florida Power & Light Company's Standard Offer

Dear Ms. Bayó:

Enclosed for filing please find an original and 15 copies of Florida Power & Light Company's Petition for Approval of Standard Offer Contract. Also enclosed is a 3.5" diskette containing FPL's Petition in Microsoft Word 2000 format.

If you or your staff have any questions regarding this transmittal, please contact me at 222-2300. Thank you.

RECEIVED & FILED
FPSC-BUREAU OF RECORDS

Very truly yours,

Charles A. Guyton

Charles A. Guyton

CAG/sem

Enclosures

Copy to: Tom Ballinger (via hand delivery)

Orig Tariff forwarded to ECR

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DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power & Light Company for Approval of Standard Offer	))	**Docket No.** 031093-EQ **Filed: December 5, 2003**

PETITION FOR APPROVAL OF FLORIDA POWER & LIGHT COMPANY'S STANDARD OFFER CONTRACT

Florida Power & Light Company ("FPL"), pursuant to Section 366.051, Florida Statutes (2000) and Florida Administrative Code Rules 25-17.0832(4), 25-22.036(4) and 28-106.301, hereby submits its petition to the Florida Public Service Commission ("Commission") to approve its revised standard offer contract and a revised COG-2 rate schedule, copies of the pages of which FPL seeks to revise are attached hereto as Attachment A in final format and Attachment B in legislative format. The grounds for this Petition are:

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

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

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

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

William G. Walker, III
Vice President, Regulatory Affairs
Florida Power & Light Company
215 S. Monroe St., Suite 801
Tallahassee, FL 32301
(850) 521-3910

3. FPL is a public utility subject to Commission jurisdiction pursuant to Chapter 366, Florida Statutes. The Commission has jurisdiction pursuant to Chapter 366.051, Florida Statutes (2003) to establish rates at which a public utility shall purchase capacity or energy

from a cogenerator or small power producer, and FPL invokes that jurisdiction in filing this petition. FPL has a substantial interest in the rates it pays cogenerators for capacity.

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

5. The rates and the terms of a standard offer are to be based upon the need for and be equal to "the avoided cost of deferring or avoiding the construction of additional generating capacity or parts thereof by the purchasing utility." Rule 25-17.0832(4)(b), F.A.C. FPL's next planned generating unit, which has a scheduled in-service date of Summer 2007 and which is currently subject to a pending RFP, is an 1144 MW (Summer) four on one combined cycle to be located at FPL's Turkey Point plant site. The proposed standard offer contract is predicated upon a twenty (20) MW portion of FPL's next planned generating unit. Thus, FPL's proposed standard offer contract complies with the Commission's standard offer rule. The economic and financial assumptions used in developing the standard offer contract, including the cost parameters of the combined cycle unit, are included as Attachment C.

6. The Commission's rule regarding standard offer contracts does not state that a public utility must seek approval of a standard offer contract prior to issuing an RFP.

However, the rule does require that prior to the issuance of a timely notice of a RFP, the open solicitation period for the standard offer must end. Rule 25-17.0832(4)(e)5, F.A.C. FPL recently issued a RFP for additional capacity, and when it issued its RFP, it had closed its standard offer contract, so it was in compliance with Rule 25-17.0832(4)(e)5, Florida Administrative Code.

7. The Commission has previously held that a public utility may open a standard offer contract while an RFP is pending. See, Order No. PSC-01-2512-PAA-EQ. In that order, the Commission stated that a waiver of Rule 25-17.0832(4)(e)5 was not necessary for a utility to open a standard offer during a pending RFP. [1]

8. The revised standard offer contract tariff sheets for which FPL seeks Commission approval are: Fourth Revised Sheet No. 9.850.1, Ninth Revised Sheet No. 9.851, Seventh Revised Sheet No. 9.853, Sixth Revised Sheet No. 9.854, and Sixth Revised Sheet No. 9.855, Second Revised Sheet No. 9.857.2, Fourth Revised Sheet No. 9.858, Third Revised Sheet No. 9.859 and Second Revised Sheet No. 9.859.1. The revised COG-2 tariff sheets for which FPL seeks approval are: Ninth Revised Sheet No. 10.200, Tenth Revised Sheet No. 10.201, Ninth Revised Sheet No. 10.202, Twenty-Second Revised Sheet No. 10.203, Twenty-Fifth Revised Sheet No. 10.204, Fourteenth Revised Sheet No. 10.205,

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[1] The Commission has also previously confronted the issue of whether a utility may offer a standard offer after issuing a capacity RFP in another case and concluded that Gulf Power Company could issue a standard offer contract concurrent with its activities necessary for it to secure permitting and construct its next planned generating unit. See, *In re: Petition by Gulf Power Company for a waiver of Rule 25-17.0832(4), F.A.C., which sets forth requirements for filing a standard offer contract,* 99 FPSC 5:445, 448 (Order No. PSC-99-1091-PAA-EI). There the Commission stated that Gulf did not have to restart its RFP process if it issued a standard offer. No rule waiver was requested or granted.

Seventeenth Revised Sheet No. 10.206, Eighth Revised Sheet No. 10.209, Eighth Revised Sheet No. 10.212, Sixth Revised Sheet No. 10.213 and Second Revised Sheet No. 10.213.1. These tariff sheets contain essentially the same terms and conditions, other than price, that were approved by the Commission in Order Nos. PSC-00-1748-PAA-EI and PSC-01-2512-PAA-EQ. These tariff sheets are attached in final format in Attachment A and in legislative format in Attachment B.

9. In developing the new pricing terms, aside from employing updated economic and financial assumptions, there are two major changes. First, FPL has identified a combined cycle unit rather than a combustion turbine unit as its avoided unit. This significantly affects the pricing terms in this standard offer contract. Second, as with the last several orders approving FPL standard offers, FPL is employing an equity adjustment in the calculation of capacity payments, and this equity adjustment is based upon a methodology Standard & Poors employs when assessing the impact of a utility's purchased power agreements. However, Standard & Poors has recently updated its methodology and currently indicates that in making its assessment, it would employ a risk factor of at least 30% when assessing the impact of contracts for which cost recovery is addressed through adjustment clauses. Since the costs associated with FPL's standard offer contracts should be recovered in adjustment clauses, FPL is employing a risk factor of 30% rather than the 10% risk factor employed in the last several standard offer contracts.

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

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

12. FPL's revised standard offer contract and the tariff sheets comprising FPL's revised COG-2 rate schedule should be approved.

WHEREFORE, FPL respectfully petitions the Commission to approve FPL's revised standard offer contract and revised COG-2 rate schedule attached hereto in Attachments A and B.

Respectfully submitted,

R. Wade Litchfield
Senior Attorney
Florida Power & Light Company
P.O. Box 14,000
700 Universe Boulevard
Juno Beach, Florida 33408

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

Attorneys for Florida Power & Light Company

By: Charles A. Guyton
Charles A. Guyton

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Petition For Approval of Florida Power & Light Company's Standard Offer Contract was mailed this 5th day of December, 2003 to the following:

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

Charles A. Guyton

Charles A. Guyton

ATTACHMENT A

(Continued from Sheet No. 9.850)

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

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

2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m., May 31st, 2012, unless terminated earlier in accordance with the provisions hereof.

Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the QF before June 1, 2007, (or such later date as may be permitted by FPL pursuant to Section 5) FPL's obligations under this Contract shall be rendered of no force and effect.

3. Minimum Specifications

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

1. The avoided unit ("Avoided Unit") on which this Contract is based is a 20 MW portion of an 1144 MW combined cycle unit.
2. The total Committed Capacity needed to fully subscribe the Avoided Unit is 20 MW (the "Subscription Limit").
3. This offer shall expire on the earlier of (i) the date the subscription limit is fully subscribed or (ii) upon the expiration of the two (2) week "Open Solicitation Period." The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).
4. The date by which firm capacity and energy deliveries from the QF to FPL shall commence is June 1, 2007 (or such later date as may be permitted by FPL pursuant to Section 5) unless the Facility chooses capacity payments under Options B, C, or D, pursuant to the terms of this contract.
5. The period of time over which firm capacity and energy shall be delivered from the QF to FPL is the five (5) year period beginning on June 1, 2007.
6. The following are the minimum performance standards for the delivery of firm capacity and energy by the QF to qualify for full capacity payments under this Contract:

(Continued on Sheet No. 9.851)

(Continued from Sheet No. 9.850.1)

	On Peak *	Off Peak
Availability	97%	97%

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

4. Sale of Electricity by the QF

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

4.2 FPL shall own and be entitled to the claims and the benefits of any environmental attributes associated with the QF or the Facility, including but not limited to Tradeable Renewable Energy Credits (TRECs), Green tags, or credits toward a Renewable Portfolio Standard (RPS) during the term of this Contract.

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

5. Committed Capacity/Capacity Delivery Date

5.1 The QF commits to sell capacity to FPL, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity is set at __________ kW, with an expected Capacity Delivery Date of June 1, 2007.

5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than June 1, 2004 and testing must be completed by 11:59 p.m., May 31, 2007. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1 the QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.

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

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

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

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

5.7 The QF shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or after June 1, 2004 and on or before January 1, 2007 (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before June 1, 2007, FPL shall immediately be entitled to draw down the Completion/Performance security in full, and in addition, FPL may, but shall not be obligated to, allow the QF up to an additional five (5) months to achieve the Capacity Delivery Date. If the QF fails to achieve the Capacity Delivery Date either (i) by June 1, 2007or (ii) by such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and this Contract shall be rendered null and void and of no further effect.

(Continued on Sheet No. 9.852)

(Continued from Sheet No. 9.852)

8. Electricity Production and Plant Maintenance Schedule

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

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

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

8.4 Dispatch and Control

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

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

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

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

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

(Continued on Sheet No. 9.853.1)

(Continued from Sheet No. 9.853.1)

9. Completion/Performance Security

9.1 As security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, the QF shall provide FPL either: (a) an unconditional, irrevocable, direct-pay letter(s) of credit in effect through the first (1st) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a financial institution(s) having an investment grade credit rating, in form and substance acceptable to FPL (including provisions (i) permitting partial and full draws and (ii) permitting FPL to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least ten (10) business days prior to its expiration date); (b) a bond issued by a financially sound company in form and substance acceptable to FPL; or (c) a cash deposit(s) with FPL. Such letter(s) of credit or cash deposit (s) shall be provided in the amount and by the date listed below:

9.1.1 $30.00 per kW (for the number of kW set forth in Section 5.1) within thirty (30) calendar days of the execution of this Contract by the Parties hereto.

9.2 The specific security instrument provided for purposes of this Contract is:
( ) unconditional, irrevocable, direct pay letter(s) of credit.
( ) Bond.
( ) cash deposit(s) with FPL.

9.3 FPL shall have the right to monitor the financial condition of the issuer(s) in the event any letter of credit is provided by the QF. In the event the senior debt rating of any issuer(s) has deteriorated to a level below investment grade, FPL may require the QF to replace the letter(s) of credit. The replacement letter(s) of credit must be issued by a financial institution(s) with an investment grade credit rating, and meet the requirements of Section 9.1, within thirty (30) calendar days following written notification to the QF of the requirement to replace. Failure by the QF to comply with the requirements of this Section 9.3 shall be grounds for FPL to draw in full on the existing letter of credit and to exercise any other remedies it may have hereunder.

9.4 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QF qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured promise to pay, by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder.

9.5 If an Event of Default under Section 12 occurs, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-applicable Completion/Performance Security.

9.6 If an Event of Default has not occurred and the QF fails to achieve the Capacity Delivery Date on or before June 1, 2007 (irrespective of any extension that may be granted by FPL under Section 5.7), FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/Performance Security. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date occurs on or before June 1, 2007, then the QF shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to $15.00 per kW (for the number of kW set forth in Section 5.1).

9.7 In the event that FPL requires the QF to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QF fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-remaining amount of the Completion/Performance Security. In the event that FPL does not require the QF to perform a Committed Capacity Test or if the QF successfully demonstrates (in connection with all such Committed Capacity Tests required by FPL pursuant to Section 5.3) a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, in either case, on or before the first anniversary of the Capacity Delivery Date, then the QF shall be entitled to a refund of or FPL shall return, as applicable, any remaining amount of the Completion/Performance Security within thirty (30) days of the first anniversary of the Capacity Delivery Date.

(Continued on Sheet No. 9.854.1)

(Continued from Sheet No. 9.854.1)

12. Default

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

(a) The QF fails to maintain the "qualifying" Facility status of the Facility obtained pursuant to one of the alternatives specified in Section 1 of this Contract;
(b) The QF changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;
(c) After the Capacity Delivery Date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 90%;
(d) The QF fails to comply with any of the provisions of Section 9.0 hereof;
(e) The QF fails to comply with any of the provisions of Section 10.0 hereof;
(f) The QF ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;
(g) The QF fails to give proper assurance of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance;
(h) The QF materially fails to perform as specified under this Contract, including, but not limited to, the QF's obligations under Sections 8, 9, 10, and 14-19.
(i) The QF fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than December 1, 2006;
(j) The QF fails to comply with any of the provisions of Section 19.3 hereof;
(k) Any of the representations or warranties made by the QF in this Contract is false or misleading in any material respect as of the time made;
(l) The occurrence of an event of default by the QF under the Interconnection Agreement;
(m) The QF fails to satisfy its obligations under Section 8.4.7 more than two (2) times in any calendar year;
(n) The QF breaches any material provision of this Contract not specifically mentioned in this Section 12; or
(o) If at any time after the Capacity Delivery Date, the QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

(Continued on Sheet No. 9.856)

(Continued From Sheet No. 9.857.1)

17.6 **Environmental Matters**

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

18. General Provisions

18.1 **Project Viabililty**

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

18.2 **Permits**

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

(Continued on Sheet No. 9.858)

(Continued from Sheet No. 9.857.2)

18.3 **Project Management**

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

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

18.4 **Assignment**

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

18.5 **Disclaimer**

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

18.6 **Notification**

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

For the QF:

____

____

____

____

For FPL:

Florida Power & Light Company
Manager,
Wholesale Services
P. O. Box 029100
Miami, FL 33102-9100

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

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

Attention: Manager, Wholesale Services
Resource Assessment and Planning Department

(Continued on Sheet No. 9.859)

(Continued from Sheet No. 9.858)

18.7 **Applicable Law**

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

18.8 **Taxation**

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

18.9 **Severability**

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

18.10 **Complete Agreement and Amendments**

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

18.11 **Survival of Contract**

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

18.12 **Record Retention**

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

18.13 **No Waiver**

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

(Continued on Sheet No. 9.859.1)

(Continued from Sheet No. 9.859)

18.14 **Set-Off**

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

IN WITNESS WHEREOF, the QF and FPL executed this Contract this ____________day of ___________________, ___________.

WITNESS:

____

WITNESS:

____

FLORIDA POWER & LIGHT COMPANY

____

Date____________________________________

______________________________________(QF)

____

Date ____________________________________

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

SCHEDULE

COG-2, Firm Capacity and Energy

AVAILABLE

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or Other Qualifying Facility using renewable or non-fossil fuel, a Qualifying Facility with a design capacity of 100 kw or less, or a Solid Waste Facility" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Qualifying Facility specified in FPSC Rule_25-17.0832 (4), and which is either directly or indirectly interconnected with the Company. The Company's obligation to contract to purchase firm capacity from such QFs by means of this schedule and the Standard Offer Contract will continue only as long as, and to the extent that, the 20 MW subscription limit is not exceeded and, in any event, no later than the expiration of the two (2) week Open Solicitation Period. The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).

APPLICABLE

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

CHARACTER OF SERVICE

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

LIMITATION

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

A. Are specified in FPSC Rule 25-17.0832 (4)

B. Execute a Standard Offer Contract prior to the expiration of the 2-week Open Solicitation Period.

C. Commit to commence deliveries of firm capacity and energy no later than June 1, 2007, and to continue such deliveries through May 31, 2012;

D. Provide capacity which would not result in the capacity subscription limit for the Company on capacity (20 MW) to be exceeded; and

E. Are not currently under contract with the Company or with any other entity for the Facility's output.

RATES FOR PURCHASES BY THE COMPANY

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company. The Company's next Avoided Unit has been identified as a 20 MW portion of an 1144 MW combined cycle unit with an in-service date of June 1, 2007. Appendix I to this Schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's Standard Offer Contract filed and approved pursuant to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

(Continued on Sheet No. 10.201)

(Continued from Sheet No. 10.200)

A. Firm Capacity Rates

Four options, A through D, as set forth below, are available for payment of firm capacity which is produced by a QF and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the QF has contractually committed to deliver to the Company and are based on a contract term which extends five (5) years beyond the anticipated in-service date of the Company's Avoided Unit (i.e., through May 31, 2012). Payment schedules for other contract terms will be made available to any QF upon request and may be calculated based on the methodologies described in Appendix I. The currently approved parameters used to calculate the following schedule of payments are found in Appendix II to this Schedule.

Adjustment to Capacity Payment

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

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

Option A - Fixed Value of Deferral Payments - Normal Capacity

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an in-service date of June 1, 2007, calculated in accordance with FPSC Rule 25-17.0832 F.A.C., as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

Option B - Fixed Value of Deferral Payments - Early Capacity

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

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

(Continued on Sheet No. 10.202)

(Continued from Sheet No. 10.201)

EXAMPLE MONTHLY CAPACITY PAYMENT IN $/kW/MONTH
COMPANY'S 2007 COMBINED CYCLE AVOIDED UNIT (20 MW)
STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
($/kW/MONTH)

Contract Year		Option A	Option B		
		Normal Payment Starting	Fixed Value of Deferral Payments - Early Capacity		
From	To	06/01/2007	06/01/2006	06/01/2005	06/01/2004
6/1/2004	5/31/2005				3.88
6/1/2005	5/31/2006			4.65	3.94
6/1/2006	5/31/2007		5.68	4.71	3.99
6/1/2007	5/31/2008	7.14	5.76	4.78	4.04
6/1/2008	5/31/2009	7.24	5.84	4.84	4.10
6/1/2009	5/31/2010	7.34	5.92	4.91	4.16
6/1/2010	5/31/2011	7.44	6.00	4.98	4.21
6/1/2011	5/31/2012	7.54	6.08	5.05	4.27

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

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

(Continued on Sheet No. 10.203)

(Continued from Sheet No. 10.202)

EXAMPLE MONTHLY CAPACITY PAYMENT IN $kW/MONTH
2007 COMBINED CYCLE AVOIDED UNIT (20 MW) LEVELIZED CAPITAL
AVOIDED CAPACITY PAYMENTS
($/kW/MONTH)

Contract Year Starting From	To	Option C* Levelized Payment 06/01/2007	Option D (Early O&M)* Fixed Value of Deferral Payments - Early Capacity 06/01/2006	06/01/2005	06.01/2004
6/1/2004	5/31/2005				4.02
6/1/2005	5/31/2006			4.79	4.03
6/1/2006	5/31/2007		5.83	4.80	4.04
6/1/2007	5/31/2008	7.29	5.84	4.82	4.05
6/1/2008	5/31/2009	7.31	5.86	4.83	4.06
6/1/2009	5/31/2010	7.33	5.88	4.84	4.07
6/1/2010	5/31/2011	7.35	5.89	4.86	4.09
6/1/2011	5/31/2012	7.37	5.91	4.87	4.10

*Annual Variation is due to fixed operation and maintenance component of the capacity payment.

B. Energy Rates

(1) Payments Prior to June 1, 2007

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

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

(Continued on Sheet No. 10.204)

(Continued from Sheet No. 10.203)

(2) Payments Starting on June 1, 2007

The calculation of payments to the QF for energy delivered to FPL on and after June 1, 2007 shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate (¢/kWh); and (b) the amount of energy (kWhs) delivered to FPL from the Facility during that hour.

For any Dispatch Hour the firm energy rate shall be, on an hour-by-hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QF to FPL, the firm energy rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the fuel price in $/mmBTU as determined from gas prices published in Platts Inside FERC Gas Market Report, first of the month posting for Florida Gas Transmission Zone 3, plus all charges,surcharges and percentages that are in effect from time to time for service under Gulfstream Natural Gas System's Rate Schedule FTS; (excluding the Reservation Rate); and (b) an average annual heat rate of 6,835 BTU per kilowatt hour; plus (c) an additional .013¢ per kilowatt hour in mid 2007 dollars for variable operation and maintenance expenses which will be escalated based on the actual Producer Price Index. All purchases shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the QF is located. Energy payments to QFs located outside the Company's service territory reflect the region in which the interchange point for the delivery of energy is located.

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. In addition, avoided energy cost payments will include .0001¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
October 1, 2003 – March 31, 2004	4.06	3.69	3.80
April 1, 2004 – September 30, 2004	4.12	3.88	3.95
October 1, 2004 – March 31, 2005	4.07	3.69	3.80
April 1, 2005 – September 30, 2005	4.14	3.54	3.71
October 1, 2005 – March 31, 2006	3.78	3.41	3.52

A MW block size ranging from 36 MW to 40 MW has been used to calculate the estimated As-Available energy cost.

ESTIMATED UNIT FUEL COST

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

$/MMBTU

2007	2008	2009	2010	2011	2012
4.98	4.99	5.13	5.27	5.41	5.57

DELIVERY VOLTAGE ADJUSTMENT

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

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0226
Secondary Voltage Delivery	1.0495

(Continued on Sheet No. 10.205)

(Continued from Sheet No. 10.204)

PERFORMANCE CRITERIA

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

A. Capacity Delivery Date

The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., June 1, 2007).

B. Availability and Capacity Factor

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

METERING REQUIREMENTS

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

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

BILLING OPTIONS

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

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

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

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

CHARGES TO QUALIFYING FACILITY

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

A. Customer Charges:

Rate Schedule	Customer Charge($)	Rate Schedule	Customer Charge($)
GS-1	8.37	CST-1	102.27
GST-1	11.44	GSLD-2	158.85
GSD-1	32.54	GSLDT-2	158.85
GSDT-1	38.58	CS-2	158.85
RS-1	5.25	CST-2	158.85
RST-1	8.32	GSLD-3	371.88
GSLD-1	38.12	CS-3	371.88
GSLDT-1	38.12	CST-3	371.88
CS-1	102.27	GSLDT-3	371.88

(Continued on Sheet No. 10.206)

(Continued from Sheet No. 10.205)

B. Interconnection Charge for Non-Variable Utility Expenses

The QF shall bear the cost required for interconnection, including the metering. The QF shall have the option of (i) payment in full for the interconnection costs including the time value of money during the construction of the interconnection facilities and providing a surety bond, letter of credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than thirty-six (36) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for thirty (30) day highest grade commercial paper, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the QF.

C. Interconnection Charge for Variable Utility Expenses

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

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

Equipment Type	Charge
Metering Equipment	0.154%
Distribution Equipment	0.270%
Transmission Equipment	0.117%

D. Taxes and Assessments

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

TERMS OF SERVICE

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

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

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

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

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

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

(Continued on Sheet No. 10.207)

(Continued from Sheet No. 10.208)

i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);

r = annual discount rate, defined as the utility's incremental after-tax cost of capital;

L = expected life of the Company's Avoided Unit(s); and

n = year for which the Company's Avoided Unit(s) is (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of the Company's Standard Offer Contract.

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

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

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

Where:

A_m = monthly payments to be made to the QF for each month of the contract year n, in dollars per kilowatt per month in which QF delivers capacity pursuant to the early capacity option;

i_p = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);

i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);

m = year for which the fixed value of deferral payments under the early capacity option are made to a QF, starting in year one and ending in the year t;

t = the term, in years, of the Standard Offer Contract;

$$A_c = F\ [\ \underline{(1-R)/(1-R^{\,t})}\ ]$$

(Continued on Sheet No. 10.210)

APPENDIX II
TO RATE SCHEDULE COG-2
CAPACITY OPTION PARAMETERS

FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for a one year deferral:

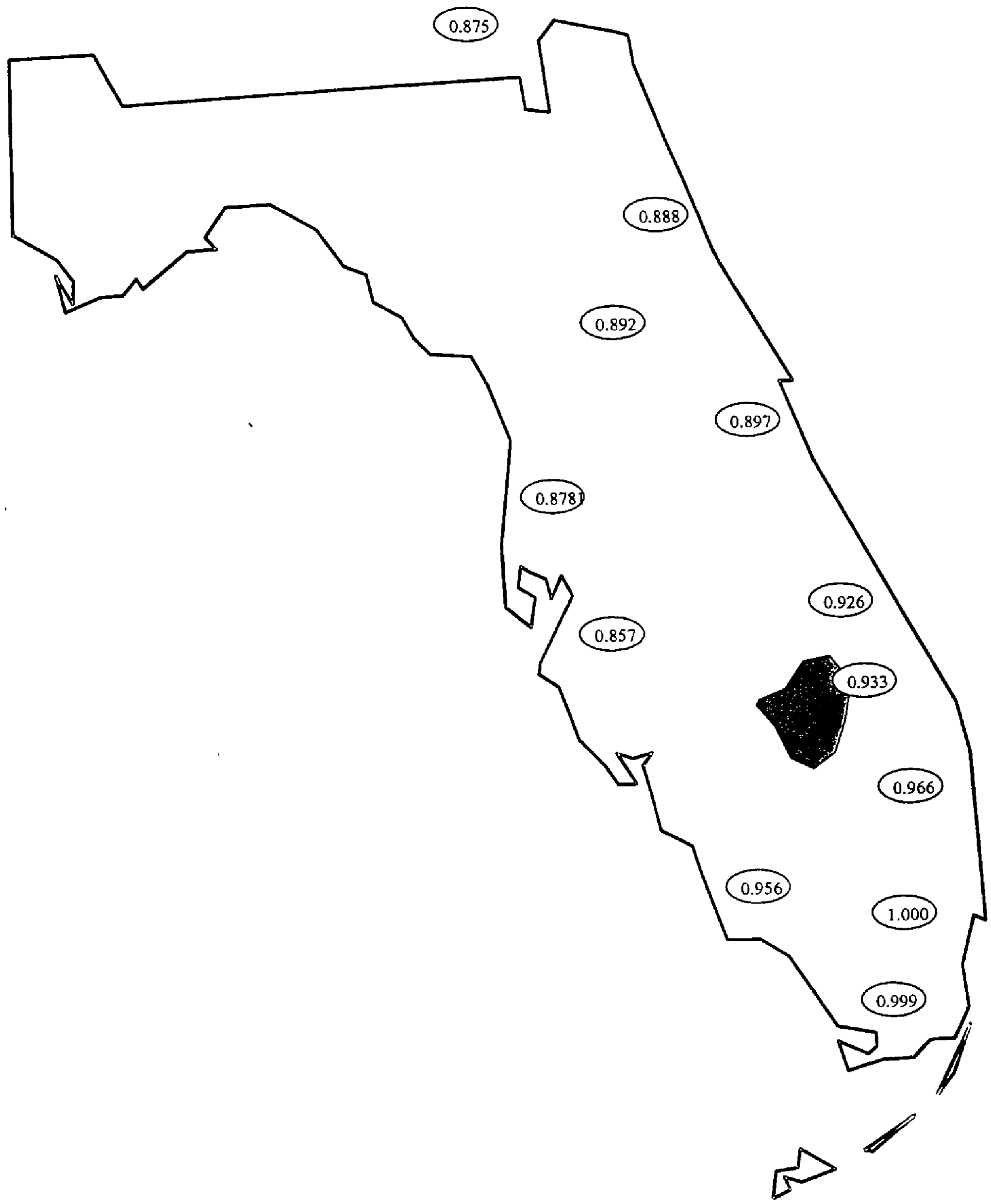
			Value
VAC_m	=	Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	$7.14
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.4512
I_n	=	total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of yearn;	$507.27
O_n	=	total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	$31.30
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	1.7%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	0.79%
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.82%
L	=	expected life of the Company's Avoided Unit;	25
n	=	year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	2007

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A_m	=	monthly capacity payments to be made to the QF starting as early as three years prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month;	$2.45
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	1.7%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	0.79%
n	=	year for which early capacity payments to a QF are to begin;	June, 2004
F	=	the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years;	$242.85
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.82%
t	=	the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing three years prior to the in-service date of the Company's Avoided Unit;	8
G	=	the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years.	$137.37

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

APPROXIMATE VALUE OF CAPACITY BY LOCATIONS



FOR ILLUSTRATIVE PURPOSES ONLY

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective:

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

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:

A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 90%, then no Monthly Capacity Payment shall be due. That is:

MCP = 0

B. In the event that the ACBF is equal to or greater than 90% but less than 97%, then the Monthly Capacity Payment shall be calculated by using the following formula:

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

C. In the event that the ACBF is equal to or greater than 97%, then the Monthly Capacity Payment shall be calculated by using the following formula:

MCP = BCP x CC

Where:

MCP	=	Monthly Capacity Payment in dollars.
BCP	=	Base Capacity Payment in $k/W/Month as specified in FPL's Rate Schedule COG-2.
CC	=	Committed Capacity in kW.
ACBF	=	Annual Capacity Billing Factor. This factor is calculated using the 12 month, rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor.
MCF	=	Monthly Capacity Factor. The total Scheduled Energy received during the Monthly Billing Period for which the calculation is made, divided by the total Scheduled Energy requested during the Monthly Billing Period.

(Continued on Sheet No. 10.213.2)

ATTACHMENT B

(Continued from Sheet No. 9.850)

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

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

2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m., ~~January 1, 2008~~ May 31st, 2012, unless terminated earlier in accordance with the provisions hereof.

Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the QF before ~~January~~ June 1, ~~2003~~ 2007, (or such later date as may be permitted by FPL pursuant to Section 5) FPL's obligations under this Contract shall be rendered of no force and effect.

3. Minimum Specifications

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

1. The avoided unit ("Avoided Unit") on which this Contract is based is a ~~5~~ 20 MW portion of ~~a 165~~ an 1144 MW ~~combustion turbine~~ combined cycle unit.
2. The total Committed Capacity needed to fully subscribe the Avoided Unit is ~~5~~ 20 MW (the "Subscription Limit").
3. This offer shall expire on the earlier of (i) the date the subscription limit is fully subscribed or (ii) upon the expiration of the two (2) week "Open Solicitation Period." The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the ~~final~~ effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).
4. The date by which firm capacity and energy deliveries from the QF to FPL shall commence is ~~January~~ June 1, ~~2003~~ 2007 (or such later date as may be permitted by FPL pursuant to Section 5) unless the Facility chooses capacity payments under Options B, C, or D, pursuant to the terms of this contract.
5. The period of time over which firm capacity and energy shall be delivered from the QF to FPL is the five (5) year period beginning on ~~January~~ June 1, ~~2003.~~ 2007.
6. The following are the minimum performance standards for the delivery of firm capacity and energy by the QF to qualify for full capacity payments under this Contract:

(Continued on Sheet No. 9.851)

(Continued from Sheet No. 9.850.1)

	On Peak *	Off Peak
Availability	~~98%~~	~~98%~~
	97%	97%

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

4. Sale of Electricity by the QF

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

4.2 FPL shall own and be entitled to the claims and the benefits of any environmental attributes associated with the QF or the Facility, including but not limited to Tradeable Renewable Energy Credits (TRECs), Green tags, or credits toward a Renewable Portfolio Standard (RPS) during the term of this Contract.

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

5. Committed Capacity/Capacity Delivery Date

5.1 The QF commits to sell capacity to FPL, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity is set at __________ kW, with an expected Capacity Delivery Date of ~~January~~ June 1, ~~2003~~ 2007.

5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than ~~30 days following FPL's acceptance of the original Standard Offer Contract~~ June 1, 2004 and testing must be completed by 11:59 p.m., ~~December 31, 2002~~ May 31, 2007. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1 the QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.

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

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

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

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

5.7 The QF shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or after ~~January~~ June 1, ~~2002~~ 2004 and on or before January 1, ~~2003~~ 2007 (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before ~~January~~ June 1, ~~2003~~ 2007, FPL shall immediately be entitled to draw down the Completion/Performance security in full, and in addition, FPL may, but shall not be obligated to, allow the QF up to an additional five (5) months to achieve the Capacity Delivery Date. If the QF fails to achieve the Capacity Delivery Date either (i) by ~~January~~ June 1, ~~2003~~ 2007or (ii) by such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and this Contract shall be rendered null and void and of no further effect.

(Continued on Sheet No. 9.852)

(Continued from Sheet No. 9.852)

8. Electricity Production and Plant Maintenance Schedule

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

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

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

8.4 **Dispatch and Control**

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

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

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

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

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

(Continued on Sheet No. 9.853.1)

(Continued from Sheet No. 9.853.1)

9. Completion/Performance Security

9.1 As security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, the QF shall provide FPL either: (a) an unconditional, irrevocable, direct-pay letter(s) of credit in effect through the first (1st) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a financial institution(s) having an investment grade credit rating, in form and substance acceptable to FPL (including provisions (i) permitting partial and full draws and (ii) permitting FPL to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least ten (10) business days prior to its expiration date); (b) a bond issued by a financially sound company in form and substance acceptable to FPL; or (~~b~~ c) a cash deposit(s) with FPL. Such letter(s) of credit or cash deposit (s) shall be provided in the amount and by the date listed below:

9.1.1 $30.00 per kW (for the number of kW set forth in Section 5.1) within thirty (30) calendar days of the execution of this Contract by the Parties hereto.

9.2 The specific security instrument provided for purposes of this Contract is:
( ) unconditional, irrevocable, direct pay letter(s) of credit.
( ) Bond.
( ) cash deposit(s) with FPL.

9.3 FPL shall have the right to monitor the financial condition of the issuer(s) in the event any letter of credit is provided by the QF. In the event the senior debt rating of any issuer(s) has deteriorated to a level below investment grade, FPL may require the QF to replace the letter(s) of credit. The replacement letter(s) of credit must be issued by a financial institution(s) with an investment grade credit rating, and meet the requirements of Section 9.1, within thirty (30) calendar days following written notification to the QF of the requirement to replace. Failure by the QF to comply with the requirements of this Section 9.3 shall be grounds for FPL to draw in full on the existing letter of credit and to exercise any other remedies it may have hereunder.

9.4 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QF qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured promise to pay, by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder.

9.5 If an Event of Default under Section 12 occurs, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-applicable Completion/Performance Security.

9.6 If an Event of Default has not occurred and the QF fails to achieve the Capacity Delivery Date on or before ~~January~~ June 1, ~~2003~~ 2007 (irrespective of any extension that may be granted by FPL under Section 5.7) , FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/Performance Security. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date occurs on or before ~~January~~ June 1, ~~2003~~ 2007, then the QF shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to $15.00 per kW (for the number of kW set forth in Section 5.1).

9.7 In the event that FPL requires the QF to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QF fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-remaining amount of the Completion/Performance Security. In the event that FPL does not require the QF to perform a Committed Capacity Test or if the QF successfully demonstrates (in connection with all such Committed Capacity Tests required by FPL pursuant to Section 5.3) a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, in either case, on or before the first anniversary of the Capacity Delivery Date, then the QF shall be entitled to a refund of or FPL shall return, as applicable, any remaining amount of the Completion/Performance Security within thirty (30) days of the first anniversary of the Capacity Delivery Date.

(Continued on Sheet No. 9.854.1)

(Continued from Sheet No. 9.854.1)

12. Default

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

(a) The QF fails to maintain the "qualifying" Facility status of the Facility obtained pursuant to one of the alternatives specified in Section 1 of this Contract;
(b) The QF changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;
(c) After the Capacity Delivery Date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 90%;
(d) The QF fails to comply with any of the provisions of Section 9.0 hereof;
(e) The QF fails to comply with any of the provisions of Section 10.0 hereof;
(f) The QF ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;
(g) The QF fails to give proper assurance of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance;
(h) The QF materially fails to perform as specified under this Contract, including, but not limited to, the QF's obligations under Sections 8, 9, 10, and 14-19.
(i) The QF fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than ~~July~~December 1, ~~2002~~2006;
(j) The QF fails to comply with any of the provisions of Section 19.3 hereof;
(k) Any of the representations or warranties made by the QF in this Contract is false or misleading in any material respect as of the time made;
(l) The occurrence of an event of default by the QF under the Interconnection Agreement;
(m) The QF fails to satisfy its obligations under Section 8.4.7 more than two (2) times in any calendar year;
(n) The QF breaches any material provision of this Contract not specifically mentioned in this Section 12; or
(o) If at any time after the Capacity Delivery Date, the QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

(Continued on Sheet No. 9.856)

(Continued From Sheet No. 9.857.1)

17.6 **Environmental Matters**

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

~~**18. Regulatory Disallowance**~~

~~This Section has been left intentionally blank~~

~~19~~ 18. **General Provisions**

~~19.1~~ 18.1 **Project Viabililty**

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

~~19.2~~ 18.2 **Permits**

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

(Continued on Sheet No. 9.858)

(Continued from Sheet No. 9.857.2)

~~19.3~~ 18.3 **Project Management**

~~19.3.1~~ 18.3.1 If requested by FPL, the QF shall submit to FPL its integrated project schedule for FPL's review within sixty calendar days from the execution of this Contract, and a start-up and test schedule for the Facility at least sixty calendar days prior to start-up and testing of the Facility. These schedules shall identify key licensing, permitting, construction and operating milestone dates and activities. If requested by FPL, the QF shall submit progress reports in a form satisfactory to FPL every calendar month until the Capacity Delivery Date and shall notify FPL of any changes in such schedules within ten calendar days after such changes are determined. FPL shall have the right to monitor the construction, start-up and testing of the Facility, either on-site or off-site. FPL's technical review and inspections of the Facility and resulting requests, if any, shall not be construed as endorsing the design thereof or as any warranty as to the safety, durability or reliability of the Facility.

~~19.3.2~~ 18.3.2 The QF shall provide FPL with the final designer's/manufacturer's generator capability curves, protective relay types, proposed protective relay settings, main one-line diagrams, protective relay functional diagrams, and alternating current and direct current elementary diagrams for review and inspection at FPL no later than one hundred eighty calendar days prior to the initial synchronization date.

~~19~~18.4 **Assignment**

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

~~19~~18.5 **Disclaimer**

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

~~19~~18.6 **Notification**

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

For the QF:

____

____

____

____

For FPL:

Florida Power & Light Company
Manager,
Wholesale Services
P. O. Box 029100
Miami, FL 33102-9100

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

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

Attention: Manager, Wholesale Services
Resource Assessment and Planning Department

(Continued on Sheet No. 9.859)

(Continued from Sheet No. 9.858)

~~19~~18.7 **Applicable Law**

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

~~19~~18.8 **Taxation**

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

~~19.9~~18.9 **Severability**

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

~~19.10~~18.10 **Complete Agreement and Amendments**

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

~~19~~18.11 **Survival of Contract**

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

~~19~~18.12 **Record Retention**

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

~~19~~18.13 **No Waiver**

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

(Continued on Sheet No. 9.859.1)

(Continued from Sheet No. 9.859)

~~19~~18.14 **Set-Off**

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

IN WITNESS WHEREOF, the QF and FPL executed this Contract this ____________ day of ____________________, ___________.

WITNESS: FLORIDA POWER & LIGHT COMPANY

____ ____

Date________________________________

WITNESS:

____(QF)

____ ____

Date ________________________________

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

SCHEDULE

COG-2, Firm Capacity and Energy

AVAILABLE

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or Other Qualifying Facility using renewable or non-fossil fuel, a Qualifying Facility with a design capacity of 100 kw or less, or a Solid Waste Facility" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Qualifying Facility specified in FPSC Rule 25-17.0832 (4), and which is either directly or indirectly interconnected with the Company. The Company's obligation to contract to purchase firm capacity from such QFs by means of this schedule and the Standard Offer Contract will continue only as long as, and to the extent that, the ~~5~~ 20 MW subscription limit is not exceeded and, in any event, no later than the expiration of the two (2) week Open Solicitation Period. The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the ~~final~~ effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).

APPLICABLE

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

CHARACTER OF SERVICE

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

LIMITATION

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

A. Are specified in FPSC Rule 25-17.0832 (4)

B. Execute a Standard Offer Contract prior to the expiration of the 2-week Open Solicitation Period.

C. Commit to commence deliveries of firm capacity and energy no later than ~~January~~ June 1, ~~2003~~ 2007, and to continue such deliveries through ~~December~~ May 31, ~~2007~~ 2012;

D. Provide capacity which would not result in the capacity subscription limit for the Company on capacity (~~5~~ 20 MW) to be exceeded; and

E. Are not currently under contract with the Company or with any other entity for the Facility's output.

RATES FOR PURCHASES BY THE COMPANY

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company. The Company's next Avoided Unit has been identified as a ~~5~~ 20 MW portion of ~~a 165~~ an 1144 MW ~~combustion turbine~~ combined cycle unit with an in-service date of ~~January~~ June 1, ~~2003~~ 2007. Appendix 1 to this Schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's Standard Offer Contract filed and approved pursuant to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

(Continued on Sheet No. 10.201)

(Continued from Sheet No. 10.200)

A. Firm Capacity Rates

Four options, A through D, as set forth below, are available for payment of firm capacity which is produced by a QF and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the QF has contractually committed to deliver to the Company and are based on a contract term which extends five (5) years beyond the anticipated in-service date of the Company's Avoided Unit (i.e., through ~~December~~ May 31, ~~2007~~ 2012). Payment schedules for other contract terms will be made available to any QF upon request and may be calculated based on the methodologies described in Appendix I. The currently approved parameters used to calculate the following schedule of payments are found in Appendix II to this Schedule.

Adjustment to Capacity Payment

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

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

Option A - Fixed Value of Deferral Payments - Normal Capacity

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an in-service date of ~~January~~ June 1, ~~2003~~ 2007, calculated in accordance with FPSC Rule 25-17.0832 F.A.C., as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

Option B - Fixed Value of Deferral Payments - Early Capacity

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

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

(Continued on Sheet No. 10.202)

(Continued from Sheet No. 10.201)

EXAMPLE MONTHLY CAPACITY PAYMENT IN $/kW/MONTH
COMPANY'S ~~2003 COMBUSTION TURBINE~~ 2007 COMBINED CYCLE AVOIDED UNIT (~~5~~ 20 MW)
STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
($/kW/MONTH)

Contract Year ~~Year~~ From	To	Option A Normal Payment Starting 06/01/2007	Option B Fixed Value of Deferral Payments - Early Capacity 06/01/~~2003~~ 2006	Option B 06/01/2005	Option B 06/01/~~2003~~2004
~~2001~~					
~~2002~~		~~2.69~~			
~~2003~~	~~3.37~~	~~2.75~~			
~~2004~~	~~3.47~~	~~2.81~~			
~~2005~~	~~3.55~~	~~2.87~~			
~~2006~~	~~3.62~~	~~2.94~~			
~~2007~~	~~3.70~~	~~3.00~~			
6/1/2004	5/31/2005				3.88
6/1/2005	5/31/2006			4.65	3.94
6/1/2006	5/31/2007		5.68	4.71	3.99
6/1/2007	5/31/2008	7.14	5.76	4.78	4.04
6/1/2008	5/31/2009	7.24	5.84	4.84	4.10
6/1/2009	5/31/2010	7.34	5.92	4.91	4.16
6/1/2010	5/31/2011	7.44	6.00	4.98	4.21
6/1/2011	5/31/2012	7.54	6.08	5.05	4.27

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

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

(Continued on Sheet No. 10.203)

(Continued from Sheet No. 10.202)

EXAMPLE MONTHLY CAPACITY PAYMENT IN $kW/MONTH
~~2003 COMBUSTION TURBINE~~ 2007 COMBINED CYCLE AVOIDED UNIT (~~5~~ 20 MW)
LEVELIZED CAPITAL
AVOIDED CAPACITY PAYMENTS
($/kW/MONTH)

Option C* Levelized Payment -Contract Year Starting			Option D (Early O&M)* Fixed Value of Deferral Payments - Early ~~Levelized~~ Capacity		
~~Contract Year~~	~~Starting 01/01/2003~~	~~01/01/2003~~			
~~From~~	~~To~~	~~06/01/2007~~	~~06/01/2006~~	~~06/01/2005~~	~~06/01/2004~~
~~2001~~					
~~2002~~		~~2.83~~			
~~2003~~	~~3.53~~	~~2.83~~			
~~2004~~	~~3.53~~	~~2.83~~			
~~2005~~	~~3.54~~	~~2.83~~			
~~2006~~	~~3.54~~	~~2.84~~			
~~2007~~	~~3.54~~	~~2.84~~			
6/1/2004	5/31/2005				4.02
6/1/2005	5/31/2006			4.79	4.03
6/1/2006	5/31/2007		5.83	4.80	4.04
6/1/2007	5/31/2008	7.29	5.84	4.82	4.05
6/1/2008	5/31/2009	7.31	5.86	4.83	4.06
6/1/2009	5/31/2010	7.33	5.88	4.84	4.07
6/1/2010	5/31/2011	7.35	5.89	4.86	4.09
6/1/2011	5/31/2012	7.37	5.91	4.87	4.10

*Annual Variation is due to fixed operation and maintenance component of the capacity payment.

B. Energy Rates

(1) Payments Prior to ~~January~~ June 1, ~~2003~~ 2007

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

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

(Continued on Sheet No. 10.204)

(Continued from Sheet No. 10.203)

(2) **Payments Starting on ~~January~~ June 1, ~~2003~~ 2007**

The calculation of payments to the QF for energy delivered to FPL on and after ~~January~~ June 1, ~~2003~~ 2007 shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate (¢/kWh); and (b) the amount of energy (kWhs) delivered to FPL from the Facility during that hour.

For any Dispatch Hour the firm energy rate shall be, on an hour-by-hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QF to FPL, the firm energy rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the ~~average monthly~~ fuel price in $/mmBTU as determined from gas prices ~~reported~~ published in Platts Inside FERC Gas ~~Daily under~~ Market Report, first of the ~~heading "Citygate, Pooling Point Prices,~~ month posting for Florida ~~gates via FGT";~~ Gas Transmission Zone 3, plus all charges,surcharges and percentages that are in effect from time to time for service under Gulfstream Natural Gas System's Rate Schedule FTS; (excluding the Reservation Rate); and (b) an average annual heat rate of ~~10,430~~ 6,835 BTU per kilowatt hour; plus (c) an additional .~~086~~013¢ per kilowatt hour in mid ~~2000~~ 2007 dollars for variable operation and maintenance expenses which will be escalated based on the actual ~~Consumer~~ Producer Price Index. All purchases shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the QF is located. Energy payments to QFs located outside the Company's service territory reflect the region in which the interchange point for the delivery of energy is located.

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. In addition, avoided energy cost payments will include .~~0014~~ 0001¢/kWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
~~April 1, 2002 - September 30, 2002~~	~~4.58~~	~~3.55~~	~~3.86~~
~~October 1, 2002 - March 31, 2003~~	~~3.25~~	~~2.94~~	~~3.04~~
~~April 1, 2003 - September 30, 2003~~	~~3.99~~	~~3.22~~	~~3.45~~
~~October 1, 2003 - December 31, 2003~~	~~3.72~~	~~3.24~~	~~3.39~~
October 1, 2003 – March 31, 2004	4.06	3.69	3.80
April 1, 2004 – September 30, 2004	4.12	3.88	3.95
October 1, 2004 – March 31, 2005	4.07	3.69	3.80
April 1, 2005 – September 30, 2005	4.14	3.54	3.71
October 1, 2005 – March 31, 2006	3.78	3.41	3.52

A MW block size ranging from ~~2~~ 36 MW to ~~9~~ 40 MW has been used to calculate the estimated As-Available energy cost.

ESTIMATED UNIT FUEL COST

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

$/MMBTU

~~2001~~	~~2002~~	~~2003~~	~~2004~~	~~2005~~	~~2006~~	~~2007~~
~~4.73~~	~~3.82~~	~~3.85~~	~~3.91~~	~~3.96~~	~~4.02~~	~~4.07~~

2007	2008	2009	2010	2011	2012
4.98	4.99	5.13	5.27	5.41	5.57

DELIVERY VOLTAGE ADJUSTMENT

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

Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.~~0236~~ 0226
Secondary Voltage Delivery	1.~~0523~~ 0495

(Continued on Sheet No. 10.205)

(Continued from Sheet No. 10.204)

PERFORMANCE CRITERIA

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

A. Capacity Delivery Date

The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., ~~January~~ June 1, ~~2003~~ 2007).

B. Availability and Capacity Factor

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

METERING REQUIREMENTS

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

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

BILLING OPTIONS

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

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

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

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

CHARGES TO QUALIFYING FACILITY

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

A. Customer Charges:

Rate Schedule	Customer Charge($)	Rate Schedule	Customer Charge($)
GS-1	~~9.00~~ 8.37	CST-1	~~110.00~~ 102.27
GST-1	~~12.30~~ 11.44	GSLD-2	~~170.00~~ 158.85
GSD-1	~~35.00~~ 32.54	GSLDT-2	~~170.00~~ 158.85
GSDT-1	~~41.50~~ 38.58	CS-2	~~170.00~~ 158.85
RS-1	5.~~65~~ 25	CST-2	~~170.00~~ 158.85
RST-1	8.~~95~~ 32	GSLD-3	~~400.00~~ 371.88
GSLD-1	~~41.00~~ 38.12	CS-3	~~400.00~~ 371.88
GSLDT-1	~~41.00~~ 38.12	CST-3	~~400.00~~ 371.88
CS-1	~~110.00~~ 102.27	GSLDT-3	~~400.00~~ 371.88

(Continued on Sheet No. 10.206)

(Continued from Sheet No. 10.205)

B. Interconnection Charge for Non-Variable Utility Expenses

The QF shall bear the cost required for interconnection, including the metering. The QF shall have the option of (i) payment in full for the interconnection costs including the time value of money during the construction of the interconnection facilities and providing a surety bond, letter of credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than ~~twelve~~ thirty-six (~~12~~ 36) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for thirty (30) day highest grade commercial paper, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the QF.

C. Interconnection Charge for Variable Utility Expenses

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

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

Equipment Type	Charge
Metering Equipment	0.~~230%~~ 154%
Distribution Equipment	0.~~309%~~ 270%
Transmission Equipment	0.~~110%~~ 117%

D. Taxes and Assessments

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

TERMS OF SERVICE

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

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

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

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

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

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

(Continued on Sheet No. 10.207)

(Continued from Sheet No. 10.208)

i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);

r = annual discount rate, defined as the utility's incremental after-tax cost of capital;

L = expected life of the Company's Avoided Unit(s); and

n = year for which the Company's Avoided Unit(s) is (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of the Company's Standard Offer Contract.

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

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

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

Where:

A_m = monthly payments to be made to the QF for each month of the contract year n, in dollars per kilowatt per month in which QF delivers capacity pursuant to the early capacity option;

i_p = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);

i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);

m = year for which the fixed value of deferral payments under the early capacity option are made to a QF, starting in year one and ending in the year t;

t = the term, in years, of the Standard Offer Contract;

$$A_c = F\ [\ \underline{(1 - R)/(1 - R^{\ t})}\ ]$$

(Continued on Sheet No. 10.210)

APPENDIX II
TO RATE SCHEDULE COG-2
CAPACITY OPTION PARAMETERS

FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

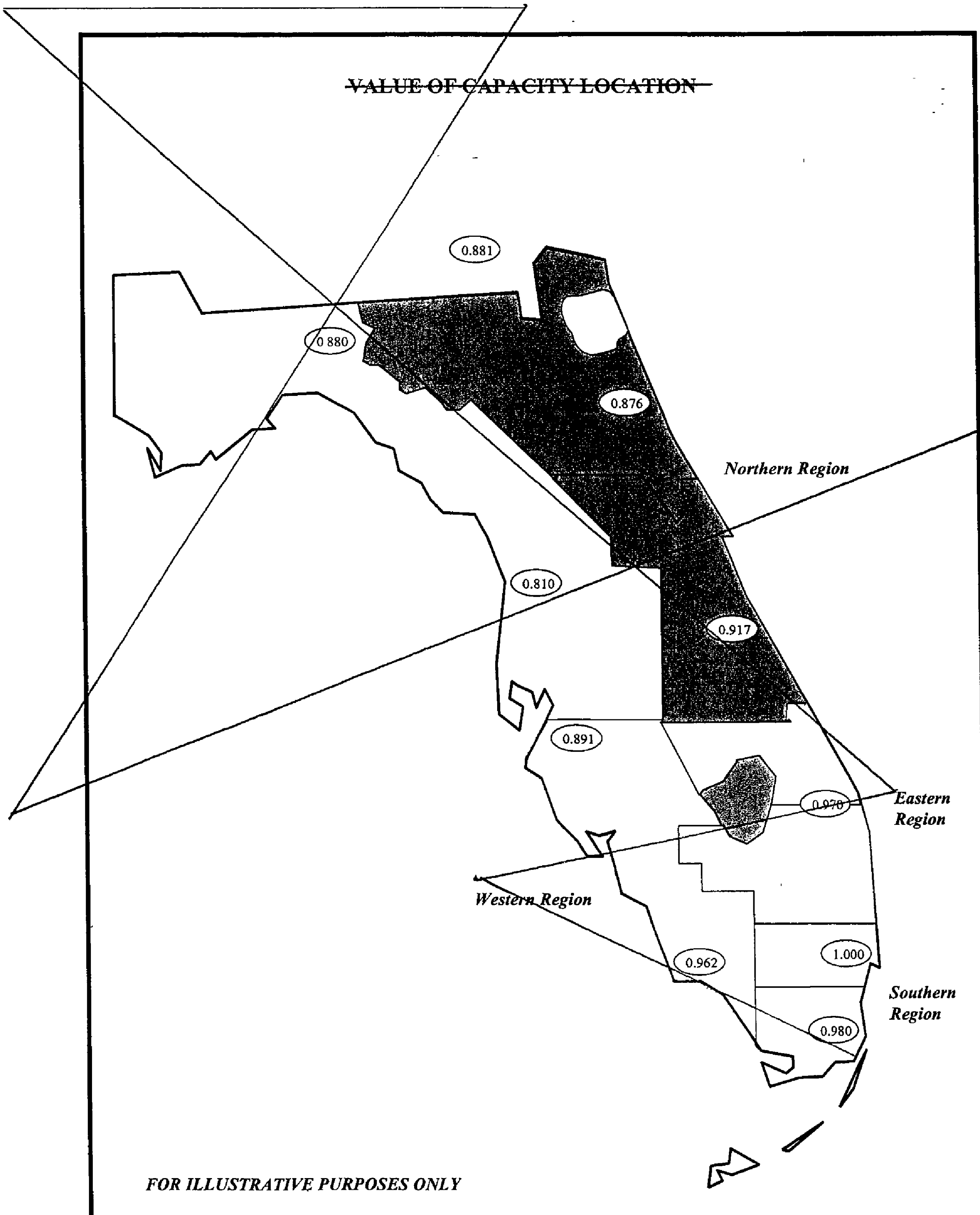
Where, for a one year deferral:			Value
VAC_m	=	Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	$~~3.28~~ 7.14
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.~~5932~~ 4512
I_n	=	total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of yearn;	$~~379.93~~ 507.27
O_n	=	total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	$~~1.43~~ 31.30
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	~~2.2~~ 1.7%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	~~2.4~~ 0.79%
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.~~78~~ 82%
L	=	expected life of the Company's Avoided Unit;	~~30~~ 25
n	=	year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	~~2003~~ 2007

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A_m	=	monthly capacity payments to be made to the QF starting as early as ~~one year~~ three years prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month;	$2.~~60~~ 45
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	~~2.2~~ 1.7%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	~~2.4~~ 0.79%
n	=	year for which early capacity payments to a QF are to begin;	~~Jan,2002~~ June, 2004
F	=	the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years;	$~~171.22~~ 242.85
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.~~78~~ 82%
t	=	the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing ~~one year~~ three years prior to the in-service date of the Company's Avoided Unit;	~~6~~ 8
G	=	the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years.	$~~6.47~~ 137.37

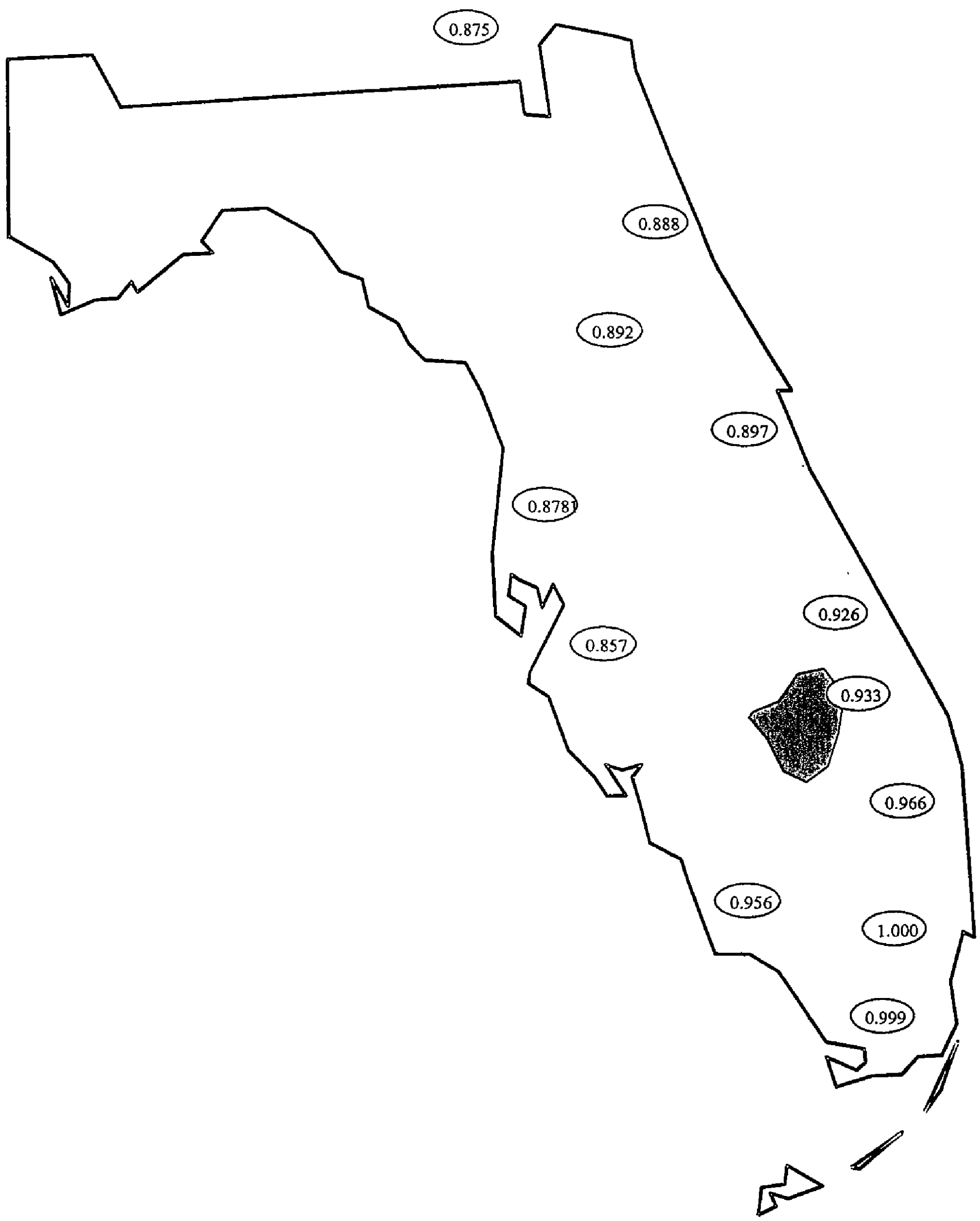
APPENDIX III TO RATE SCHEDULE COG - 2
VALUE OF CAPACITY LOCATION

~~VALUE OF CAPACITY LOCATION~~



FOR ILLUSTRATIVE PURPOSES ONLY

APPROXIMATE VALUE OF CAPACITY BY LOCATIONS



FOR ILLUSTRATIVE PURPOSES ONLY

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

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:

A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 90%, then no Monthly Capacity Payment shall be due. That is:

MCP = 0

B. In the event that the ACBF is equal to or greater than 90% but less than ~~98~~ 97%, then the Monthly Capacity Payment shall be calculated by using the following formula:

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

C. In the event that the ACBF is equal to or greater than ~~98~~ 97%, then the Monthly Capacity Payment shall be calculated by using the following formula:

MCP = BCP x CC

Where:

MCP	=	Monthly Capacity Payment in dollars.
BCP	=	Base Capacity Payment in $k/W/Month as specified in FPL's Rate Schedule COG-2.
CC	=	Committed Capacity in kW.
ACBF	=	Annual Capacity Billing Factor. This factor is calculated using the 12 month, rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor.
MCF	=	Monthly Capacity Factor. The total Scheduled Energy received during the Monthly Billing Period for which the calculation is made, divided by the total Scheduled Energy requested during the Monthly Billing Period.

(Continued on Sheet No. 10.213.2)

ATTACHMENT C

FPL's History and Forecast of summer and winter peak demand, energy use, fuel prices, generating capacity, reserve margins, and generating capacity additions can be found in FPL's 2003 Ten Year Site Plan, filed with the Florida Public Service Commission on April 1, 2003.

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

Florida Power & Light Company
Standard Offer Contract

Economic Assumptions

AFUDC RATE

7.84%

CAPITALIZATION RATIOS

Debt	45.0%
Preferred	0%
Equity	55.0%

RATE OF RETURN

Debt	6.4%
Preferred	0%
Equity	11.0%

INCOME TAX RATE

State	5.5%
Federal	35.0%
Effective	38.575%

OTHER TAXES & INS.

2.45%

DISCOUNT RATE

7.82%

BOOK DEPRECIATION LIFE

25 Years

TAX DEPRECIATION LIFE

20 Years

Florida Power & Light Company
Standard Offer Contract

Economic Escalation Assumptions

Year	General Inflation %	Plant Construction Cost %	Fixed O & M Cost %	Variable O & M Cost %
Inflation	.79	1.7	.79	1.92

Florida Power & Light Company
Standard Offer Contract

Unit Information

Plant Name (Type):	Combined Cycle
Net Capacity(MW):	1144MW
Book Life (Yrs.):	25

Installed Cost (In-Service Year 2007)

Total Installed Cost ($/kW)	507.27
Direct Construction Cost ($/kW-00)	461.98
AFUDC Amount ($/kW)	45.29
Fixed O & M ($/kW-yr) (in-service year)	3.57
Fixed Gas Transport	21.24
Capacity Replacement	6.49
Variable O & M (cents/kWH)	.013
Assumed Capacity Factor	85
K Factor	1.4512

Florida Power & Light Company
Standard Offer Contract

Financial Assumptions
for the Development of K Factor

CAPITALIZATION RATIOS

Debt	45.0%
Preferred	0%
Equity	55.0%

RATE OF RETURN

Debt	6.40%
Preferred	0%
Equity	11.0%
Tax Rate	38.575%
AFUDC	7.84%
Discount Rate	7.82%
Book Life	25 years
In-Service Year	2007

CONSTRUCTION SPENDING CURVE

Year	% Construction Expenditures*
2004	4%
2005	34%
2006	43%
2007	19%

*To be applied to direct construction costs.

Florida Power & Light Company

Fixed Charge Calculations For Development of K Factor

Unit Type: Combined Cycle

(Thousands of Dollars)

(1) Year	(2) Calendar Year	(3) Electric Plant In-Service	(4) Debt	(5) Preferred	(6) Equity	(7) Taxes	(8) Deferred Taxes	(9) Total Debt Preferred Equity & Taxes	(10) Straight Line Depreciation	(11) Property Taxes & Insurance	(12) Total Fixed Charges	(13) Present Worth Fixed Charges	(14) Cumulative Present Worth Fixed Charges
1	2007	$566,774	$9,804	$0	$20,596	$10,139	$3,389	$43,928	$13,541	$8,294	$65,763	$65,763	$65,763
2	2008	$543,561	$16,120	$0	$33,864	$14,737	$7,549	$72,270	$23,213	$13,962	$109,445	$101,508	$167,271
3	2009	$520,349	$15,252	$0	$32,039	$14,783	$6,357	$68,430	$23,213	$13,509	$105,152	$90,454	$257,724
4	2010	$497,136	$14,416	$0	$30,283	$14,780	$5,257	$64,736	$23,213	$13,058	$101,006	$80,586	$338,311
5	2011	$473,923	$13,611	$0	$28,592	$14,738	$4,237	$61,177	$23,213	$12,605	$96,995	$71,774	$410,085
6	2012	$450,711	$12,834	$0	$26,959	$14,654	$3,295	$57,743	$23,213	$12,155	$93,110	$63,903	$473,987
7	2013	$427,498	$12,083	$0	$25,382	$14,537	$2,422	$54,424	$23,213	$11,705	$89,342	$56,870	$530,857
8	2014	$404,286	$11,356	$0	$23,856	$14,383	$1,617	$51,212	$23,213	$11,256	$85,681	$50,584	$581,441
9	2015	$381,073	$10,643	$0	$22,357	$13,574	$1,485	$48,060	$23,213	$10,803	$82,076	$44,942	$626,383
10	2016	$357,861	$9,932	$0	$20,863	$12,638	$1,483	$44,916	$23,213	$10,349	$78,478	$39,856	$666,239
11	2017	$334,648	$9,220	$0	$19,369	$11,698	$1,485	$41,772	$23,213	$9,903	$74,888	$35,274	$701,513
12	2018	$311,435	$8,509	$0	$17,875	$10,762	$1,483	$38,629	$23,213	$9,461	$71,303	$31,150	$732,663
13	2019	$288,223	$7,798	$0	$16,381	$9,821	$1,485	$35,485	$23,213	$9,023	$67,721	$27,439	$760,102
14	2020	$265,010	$7,087	$0	$14,887	$8,885	$1,483	$32,341	$23,213	$8,587	$64,140	$24,104	$784,206
15	2021	$241,798	$6,375	$0	$13,392	$7,944	$1,485	$29,197	$23,213	$8,149	$60,559	$21,108	$805,314
16	2022	$218,585	$5,664	$0	$11,898	$7,008	$1,483	$26,054	$23,213	$7,717	$56,984	$18,421	$823,735
17	2023	$195,373	$4,953	$0	$10,404	$6,068	$1,485	$22,910	$23,213	$7,289	$53,412	$16,014	$839,749
18	2024	$172,160	$4,241	$0	$8,910	$5,132	$1,483	$19,766	$23,213	$6,859	$49,838	$13,859	$853,609
19	2025	$148,947	$3,530	$0	$7,416	$4,191	$1,485	$16,622	$23,213	$6,429	$46,264	$11,932	$865,541
20	2026	$125,735	$2,819	$0	$5,922	$3,255	$1,483	$13,479	$23,213	$6,002	$42,693	$10,213	$875,753
21	2027	$102,522	$2,178	$0	$4,576	$7,314	($3,421)	$10,647	$23,213	$5,576	$39,435	$8,749	$884,503
22	2028	$79,310	$1,679	$0	$3,527	$11,562	($8,328)	$8,440	$23,213	$5,150	$36,803	$7,573	$892,076
23	2029	$56,097	$1,250	$0	$2,626	$10,997	($8,328)	$6,545	$23,213	$4,726	$34,484	$6,581	$898,657
24	2030	$32,884	$822	$0	$1,726	$10,431	($8,328)	$4,651	$23,213	$4,303	$32,166	$5,694	$904,351
25	2031	$9,672	$393	$0	$825	$9,866	($8,328)	$2,756	$23,213	$3,881	$29,849	$4,901	$909,252
26	2032	$0	$37	$0	$78	$3,944	($3,470)	$589	$9,672	$1,441	$11,702	$1,782	$911,034
27	2033	$580,314	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$911,034
28	2034	$580,314	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$911,034
29	2035	$580,314	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$911,034
30	2036	$580,314	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$911,034

In-Service Cost	$580,314
Present Worth of Fixed Charges	$911,034
Less Equity Adjustment	$68,865
Adjusted Present Worth of Fixed Charges	$842,168
Value of K	1.4512