FPL

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April 2, 2012

Ms. Ann Cole, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

120072 - EQ

Re: Florida Power & Light Company's Petition for Approval of a Renewable Energy Tariff and Standard Offer Contract

Dear Ms. Cole:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") is an original and 15 copies of FPL's Petition for Approval of a Renewable Energy Tariff and Standard Offer Contract. Also enclosed is a compact disc containing FPL's Petition in Microsoft Word format.

Thank you for your assistance. Please contact me should you or your staff have any questions regarding this filing.

Sincerely,

William P. Cox
Senior Attorney
Florida Bar No. 0093531

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Enclosures

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Florida Power & Light Company's Petition for Approval of Renewable Energy Tariff and Standard Offer Contract	))))	Docket No. 120092-EQ Dated: April 2, 2012

PETITION

Pursuant to Sections 366.04 and 366.91, Florida Statutes ("F.S."), and Rule 25-17.250, Florida Administrative Code ("F.A.C."), Florida Power & Light Company ("FPL" or the "Company") petitions this Commission for approval of FPL's revised standard offer contract and a revised accompanying Rate Schedule QS-2 ("Rate Schedule QS-2"), prepared in compliance with Rule 25-17.0832 and Rules 25-17.200 through 25-17.310, F.A.C.

Rule 25-17.250, F.A.C., directs that each investor-owned electric utility file with the Commission a standard offer contract or contracts for the firm capacity and energy from renewable generating facilities and small qualifying facilities with a design capacity of 100 kW or less. The rule requires that FPL file a standard offer contract by April 1 of each year. FPL's standard offer contract is based on the potential avoidance of a 2021 power purchase agreement.

Accordingly, submitted with this Petition for the Commission's consideration and requested approval is FPL's proposed standard offer contract based upon its next potentially avoidable 250 MW power purchase agreement with an expected in-service date of June 1, 2021. A copy of the revised pages of the standard offer contract is attached in proposed format as Attachment A and in legislative format as Attachment B. FPL's proposed revised tariff pages of Rate Schedule QS-2 are attached in proposed format as Attachment C and in legislative format as Attachment D. In support of the Petition, FPL also submits Attachment E, showing detailed economic assumptions used in determining the full avoided costs that are reflected in FPL's proposed Rate Schedule QS-2. In support of this Petition, FPL states as follows:

1. FPL is a public utility subject to the jurisdiction of the Commission pursuant to Chapter 366, F.S. FPL's corporate offices are located at 700 Universe Boulevard, Juno Beach, FL 33408. The Commission has jurisdiction pursuant to Section 366.91, F.S., to establish rates at which a public utility shall purchase capacity and/or energy from specified renewable energy facilities, and FPL invokes that jurisdiction in filing this petition. FPL has a substantial interest in the rates it pays renewable energy facilities for capacity and energy.

2. The names and addresses of FPL's representative to receive communications regarding this docket are:

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3. During 2005 the State of Florida enacted Section 366.91, F.S., which states in relevant part that:

> (3) On or before January 1, 2006, each public utility must continuously offer a purchase contract to producers of renewable energy. The commission shall establish requirements relating to the purchase of capacity and energy by public utilities from renewable energy producers and may adopt rules to administer this section. The contract shall contain payment provisions for energy and capacity which are based upon the utility's full avoided costs, as defined in s. 366.051; however, capacity payments are not required if, due to the operational characteristics of the renewable energy generator or the anticipated peak and off-peak availability and capacity factor of the utility's avoided unit, the producer is unlikely to provide any capacity value to the utility or the electric grid during the contract term. Each contract must provide

> a contract term of at least 10 years. Prudent and reasonable costs associated with a renewable energy contract shall be recovered from the ratepayers of the contracting utility, without differentiation among customer classes, through the appropriate cost-recovery clause mechanism administered by the commission.

4. Rule 25-17.250, F.A.C., requires that a separate standard offer contract shall be based on the next avoidable fossil fueled generating unit of each technology type identified in the utility's Ten-Year Site Plan filed pursuant to Rule 25-22.071, F.A.C. The Rule further requires that if there are no planned generation additions in the Ten-Year Site Plan, then the standard offer contract is to be based on avoiding or deferring a planned purchase.

5. FPL does not project a generating unit addition during the period covered by its current Ten-Year Site Plan, but does forecast the need to purchase 250 MW of capacity for one year in 2021. Accordingly, this single year power purchase agreement is the subject of FPL's standard offer contract.

6. On April 11, 2008, the Commission granted FPL a need determination pursuant to Rule 25-22.082, F.A.C., for FPL's 2,200 – 3,400 MW Turkey Point Nuclear Units 6 and 7 in Order No. PSC-08-0237-FOF-EI, Docket No. 070650-EI. On September 12, 2008, the Commission granted FPL a need determination pursuant to Rule 25-22.082, F.A.C., for FPL's 1,219 MW (Summer) West County Energy Center Unit 3 combined cycle electric generating unit and the conversion of two 400 MW steam units into a combined cycle plant at Cape Canaveral with a summer capacity of 1,219 MW and the conversion of two 280 MW steam units into a combined cycle at Riviera with a summer capacity of 1,207 MW in Order No. PSC-08-0591-FOF-EI, Docket No. 080203-EI. On March 27, 2012, in Docket No. 110309-EI, the Commission granted a determination of need for the modernization of the Port Everglades power plant pursuant to Sections 366.04 and 403.519, F.S., and Rules 25-22.080, 25-22.081, 25-22.082, and 28-106.201,

F.A.C. Accordingly, while the conversion units at Cape Canaveral and Riviera and the modernization of Port Everglades appear in FPL's 2012 Ten-Year Site Plan, they do not constitute "avoidable fossil fueled generating units" within the meaning of Rule 25-17.250, F.A.C., and are not subject to standard offer contracts. Furthermore, there are no additional fossil fueled generation units planned in FPL's current Ten-Year Site Plan.

7. The revised tariff sheet for the standard offer contract for which FPL seeks Commission approval is Sixth Revised Sheet No. 9.032.

8. The revised tariff sheets for the Rate Schedule QS-2 for which FPL seeks Commission approval are: Sixth Revised Sheet No. 10.301, Sixth Revised Sheet No. 10.304, Sixth Revised Sheet No. 10.306, and Sixth Revised Sheet No. 10.311.

9. The detailed formula for computing FPL's full avoided costs is contained in the tariff sheets that have been submitted for approval, and is the same formula used for determining avoided costs in the Commission's rules. Attachment E to this Petition shows the detailed economic assumptions used in determining the full avoided costs that are reflected in FPL's proposed Rate Schedule QS-2.

10. FPL's proposed standard offer contract and associated rate schedules are substantially similar to those which were approved on March 27, 2012 by the Commission, the primary change being the change from a 2021 greenfield combined cycle unit to a single year power purchase agreement in 2021, consistent with FPL's latest Ten-Year Site Plan.

WHEREFORE, for the foregoing reasons, FPL respectfully requests that the Commission grant FPL's Petition and approve FPL's proposed standard offer contract and Appendix A thereto, and the statement of economic and financial assumptions associated with the standard offer contract in the form attached hereto as Attachments A, C, and E.

Dated: April 2, 2012

Respectfully submitted,

By: ______________________________

William P. Cox
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Florida Power & Light Company
700 Universe Boulevard
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ATTACHMENT A

Revised Pages of the Standard Offer Contract in Proposed Format

(Continued from Sheet No. 9.031)

(c) If the QS is a REF, the QS shall, on an annual basis and within thirty (30) days after the anniversary date of this Contract and on an annual basis thereafter for the term of this Contract, deliver to FPL a report certified by an officer of the QS: (i) stating the type and amount of each source of fuel or power used by the QS to produce energy during the twelve month period prior to the anniversary date (the "Contract Year"); and (ii) verifying that one hundred percent (100%) of all energy sold by the QS to FPL during the Contract Year complies with Sections 1(a) and (b) of this Contract.

(d) If the QS is a REF, the QS represents and warrants that the Facility meets the renewable energy requirements of Section 366.91(2)(a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2),F.A.C., and that the QS shall continue to meet such requirements 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 QS that FPL deems necessary to verify that the Facility meets such requirements.

(e) 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). A QS that is a qualifying facility with a design capacity of less than 100 KW 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 and records or other documents of the Facility 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 QS shall provide to FPL a certificate signed by an officer of the QS certifying that the Facility has continuously maintained qualifying status.

2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall have the termination date stated in Appendix E, unless terminated earlier in accordance with the provisions hereof. Notwithstanding the foregoing, if the Capacity Delivery Date (as defined in Section 5.5) of the Facility is not accomplished by the QS before June 1, 2021, or such later date as may be permitted by FPL pursuant to Section 5 of this Contract, FPL will be permitted to terminate this Contract consistent with the terms herein without further obligations, duties or liability to the QS.

3. Minimum Specifications

Following are the minimum specifications pertaining to this Contract:

1. The avoided unit ("Avoided Unit") on which this Contract is based is a 250 MW planned purchase.

2. This offer shall expire on April 1, 2013.

3. The date by which firm capacity and energy deliveries from the QS to FPL shall commence is June 1, 2021 (or such later date as may be permitted by FPL pursuant to Section 5 of this contract) unless the QS chooses a capacity payment option that provides for early capacity payments pursuant to the terms of this contract.

4. The period of time over which firm capacity and energy shall be delivered from the QS to FPL is as specified in Appendix E; provided, such period shall be no less than a minimum of ten (10) years after the in-service date of the Avoided Unit.

5. The following are the minimum performance standards for the delivery of firm capacity and energy by the QS to qualify for full capacity payments under this Contract:

	On Peak *	All Hours
Availability	94.0%	94.0%

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

(Continued on Sheet No. 9.033)

ATTACHMENT B

Revised Pages of the Standard Offer Contract in Legislative Format

(Continued from Sheet No. 9.031)

(c) If the QS is a REF, the QS shall, on an annual basis and within thirty (30) days after the anniversary date of this Contract and on an annual basis thereafter for the term of this Contract, deliver to FPL a report certified by an officer of the QS: (i) stating the type and amount of each source of fuel or power used by the QS to produce energy during the twelve month period prior to the anniversary date (the "Contract Year"); and (ii) verifying that one hundred percent (100%) of all energy sold by the QS to FPL during the Contract Year complies with Sections 1(a) and (b) of this Contract.

(d) If the QS is a REF, the QS represents and warrants that the Facility meets the renewable energy requirements of Section 366.91(2)(a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2),F.A.C., and that the QS shall continue to meet such requirements 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 QS that FPL deems necessary to verify that the Facility meets such requirements.

(e) 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). A QS that is a qualifying facility with a design capacity of less than 100 KW 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 and records or other documents of the Facility 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 QS shall provide to FPL a certificate signed by an officer of the QS certifying that the Facility has continuously maintained qualifying status.

2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall have the termination date stated in Appendix E, unless terminated earlier in accordance with the provisions hereof. Notwithstanding the foregoing, if the Capacity Delivery Date (as defined in Section 5.5) of the Facility is not accomplished by the QS before June 1, 2021, or such later date as may be permitted by FPL pursuant to Section 5 of this Contract, FPL will be permitted to terminate this Contract consistent with the terms herein without further obligations, duties or liability to the QS.

3. Minimum Specifications

Following are the minimum specifications pertaining to this Contract:

1. The avoided unit ("Avoided Unit") on which this Contract is based is a ~~1,262~~250 MW ~~combined cycle unit~~planned purchase.

2. This offer shall expire on April 1, ~~2012~~2013.

3. The date by which firm capacity and energy deliveries from the QS to FPL shall commence is June 1, 2021 (or such later date as may be permitted by FPL pursuant to Section 5 of this contract) unless the QS chooses a capacity payment option that provides for early capacity payments pursuant to the terms of this contract.

4. The period of time over which firm capacity and energy shall be delivered from the QS to FPL is as specified in Appendix E; provided, such period shall be no less than a minimum of ten (10) years after the in-service date of the Avoided Unit.

5. The following are the minimum performance standards for the delivery of firm capacity and energy by the QS to qualify for full capacity payments under this Contract:

	On Peak *	All Hours
Availability	94.0%	94.0%

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

(Continued on Sheet No. 9.033)

ATTACHMENT C

Revised Tariff Pages of Rate Schedule QS-2 in Proposed Format

(Continued from Sheet No. 10.300)

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 capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company. The Company's Avoided Unit has been identified as a 250 MW one year power purchase agreement in 2021. Appendix I to this Schedule describes the methodology used to calculate payment schedules, applicable to the Company's Standard Offer Contract filed and approved pursuant to Section 366.91, Florida Statutes and to FPSC Rules 25-17.082 through 25-17.091, F.A.C and 25-17.200 through 25-17.310, F.A.C.

A. Firm Capacity Rates

Options A through E are available for payment of firm capacity which is produced by a QS and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. A payment schedule, for the normal payment option as shown below, contains the monthly rate per kilowatt of Firm Capacity which the QS has contractually committed to deliver to the Company and is based on a contract term which extends ten (10) years beyond June 1, 2021. Payment schedules for other contract terms, as specified in Appendix E, will be made available to any QS upon request and may be calculated based upon 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 QS will have on FPL system reliability due to constraints imposed on the operation of FPL transmission tie lines.

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 QS 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 single year purchase with an in-service date of June 1, 2021, 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.

EXAMPLE MONTHLY CAPACITY PAYMENT IN $/KW/MONTH
2021 POWER PURCHASE AGREEMENT (250 MW)
STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
FOR A CONTRACT TERM OF 10 YEARS
($/KW/MONTH)

Contract Year From	Contract Year To	Normal Payment Starting 06/01/2021
6/1/2021	5/31/2022	3.52
6/1/2022	5/31/2023	0.00
6/1/2023	5/31/2024	0.00
6/1/2024	5/31/2025	0.00
6/1/2025	5/31/2026	0.00
6/1/2026	5/31/2027	0.00
6/1/2027	5/31/2028	0.00
6/1/2028	5/31/2029	0.00
6/1/2029	5/31/2030	0.00
6/1/2030	5/31/2031	0.00

(Continued on Sheet No. 10.302)

(Continued from Sheet No. 10.303)

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 QS 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; and (b) an average annual heat rate of 13,000 BTU per kilowatt hour; plus (c) an additional 0.26095¢ per kilowatt hour in mid 2021 dollars for variable operation and maintenance expenses which will be escalated based on the actual Producer Price Index. All energy purchases shall be adjusted for losses from the point of metering to the Delivery Point. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the Delivery Point of the QS is located.

Option D- Fixed Firm Energy Payments Starting as early as the In-Service Date of the QS Facility

The calculation of payments to the QS for energy delivered to FPL may include an adjustment at the election of the QS in order to implement the provisions of Rule 25-17.250 (6) (b), F.A.C. Subsequent to the determination of full avoided cost and subject to the provisions of Rule 25-17.0832(3) (a) through (d), F.A.C., a portion of the base energy costs associated with the avoided unit, mutually agreed upon by the utility and renewable energy generator, shall be fixed and amortized on a present value basis over the term of the contract starting, at the election of the QS, as early as the in-service date of the QS. "Base energy costs associated with the avoided unit" means the energy costs of the avoided unit to the extent the unit would have operated. The portion of the base energy costs mutually agreed to by the Company and the QS shall be specified in Appendix E. The Company will provide the QS with a schedule of "Fixed Energy Payments" over the term of the Standard Offer Contract based on the applicable information specified in Appendix E.

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next ten annual periods are as follows. In addition, avoided energy cost payments will include 0.0018¢/KWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWh	Off-Peak ¢/KWh	Average ¢/KWh
2012	4.55	3.80	4.08
2013	4.18	3.68	3.85
2014	4.26	3.90	4.02
2015	4.40	4.06	4.17
2016	5.14	4.66	4.82
2017	5.54	5.07	5.23
2018	5.93	5.50	5.64
2019	6.25	5.90	6.01
2020	7.05	6.56	6.72
2021	7.54	7.18	7.30
2022	7.81	7.26	7.45

A MW block size ranging from 58 MW to 65 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

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
8.53	9.16	9.81	10.49	11.17	11.41	11.62	11.82	12.04	12.25

(Continued on Sheet No. 10.305)

(Continued from Sheet No. 10.305)

CHARGES TO ENERGY FACILITY

The QS 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:

Monthly customer charges for meter reading, billing and other applicable administrative costs as per applicable Customer Rate Schedule.

B. Interconnection Charge for Non-Variable Utility Expenses

The QS shall bear the cost required for interconnection, including the metering. The QS 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 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 QS.

C. Interconnection Charge for Variable Utility Expenses

The QS 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 QS if no sales to the Company were involved.

In lieu of payment for actual charges, the QS 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	0.169%
Distribution Equipment	0.202%
Transmission Equipment	0.111%

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 QS for capacity under options B, C, D, E or for energy pursuant to the Fixed Firm Energy Payment Option D are not fully deductible when paid (additional tax liability), FPL may bill the QS 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 QS 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 or the Fixed Firm Energy Payment 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.

(Continued on Sheet No. 10.307)

APPENDIX II
TO RATE SCHEDULE QS-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;	$3.52
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;	1.0
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;	$42.27
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;	$0.0
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.84%
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.29%
L	=	expected life of the Company's Avoided Unit;	1
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.	2021

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A_m	=	monthly capacity payments to be made to the QS starting on the year the QS elects to start receiving early capacity payments, in dollars per kilowatt per month;	*
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.84%
n	=	year for which early capacity payments to a QS are to begin; (at the election of the QS early capacity payments may commence anytime after the actual in-service date of the QS facility and before the anticipated in-service date of the Company's avoided unit)	*
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 10 years;	$42.27
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.29%
t	=	the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing in the year the QS elects to start receiving early capacity payments prior to the in-service date of the Company's Avoided Unit;	*
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 10 years.	$0.0

*From Appendix E

ATTACHMENT D

Revised Tariff Pages of Rate Schedule QS-2 in Legislative Format

(Continued from Sheet No. 10.300)

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 Avoided Unit has been identified as a ~~1,262~~250 MW ~~combined cycle unit with an in-service date of June 1, 2021~~one year power purchase agreement in 2021. Appendix I to this Schedule describes the methodology used to calculate payment schedules, applicable to the Company's Standard Offer Contract filed and approved pursuant to Section 366.91, Florida Statutes and to FPSC Rules 25-17.082 through 25-17.091, F.A.C and 25-17.200 through 25-17.310, F.A.C.

A. Firm Capacity Rates

Options A through E are available for payment of firm capacity which is produced by a QS and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. A payment schedule, for the normal payment option as shown below, contains the monthly rate per kilowatt of Firm Capacity which the QS has contractually committed to deliver to the Company and is based on a contract term which extends ten (10) years beyond June 1, 2021. Payment schedules for other contract terms, as specified in Appendix E, will be made available to any QS upon request and may be calculated based upon 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 QS will have on FPL system reliability due to constraints imposed on the operation of FPL transmission tie lines.

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 QS 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~~single year purchase with an in-service date of June 1, 2021, 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.

EXAMPLE MONTHLY CAPACITY PAYMENT IN $/KW/MONTH
2021 ~~COMBINED CYCLE AVOIDED UNIT~~POWER PURCHASE AGREEMENT (~~1,262~~250 MW)
STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
FOR A CONTRACT TERM OF 10 YEARS
($/KW/MONTH)

Contract Year From	Contract Year To	Normal Payment Starting 06/01/2021
6/1/2021	5/31/2022	~~9.77~~3.52
6/1/2022	5/31/2023	~~10.06~~0.00
6/1/2023	5/31/2024	~~10.36~~0.00
6/1/2024	5/31/2025	~~10.67~~0.00
6/1/2025	5/31/2026	~~10.98~~0.00
6/1/2026	5/31/2027	~~11.31~~0.00
6/1/2027	5/31/2028	~~11.64~~0.00
6/1/2028	5/31/2029	~~11.99~~0.00
6/1/2029	5/31/2030	~~12.34~~0.00
6/1/2030	5/31/2031	~~12.71~~0.00

(Continued on Sheet No. 10.302)

(Continued from Sheet No. 10.303)

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 QS 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; and (b) an average annual heat rate of ~~6,362~~13,000 BTU per kilowatt hour; plus (c) an additional 0.~~1095~~26095¢ per kilowatt hour in mid 2021 dollars for variable operation and maintenance expenses which will be escalated based on the actual Producer Price Index. All energy purchases shall be adjusted for losses from the point of metering to the Delivery Point. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the Delivery Point of the QS is located.

Option D- Fixed Firm Energy Payments Starting as early as the In-Service Date of the QS Facility

The calculation of payments to the QS for energy delivered to FPL may include an adjustment at the election of the QS in order to implement the provisions of Rule 25-17.250 (6) (b), F.A.C. Subsequent to the determination of full avoided cost and subject to the provisions of Rule 25-17.0832(3) (a) through (d), F.A.C., a portion of the base energy costs associated with the avoided unit, mutually agreed upon by the utility and renewable energy generator, shall be fixed and amortized on a present value basis over the term of the contract starting, at the election of the QS, as early as the in-service date of the QS. "Base energy costs associated with the avoided unit" means the energy costs of the avoided unit to the extent the unit would have operated. The portion of the base energy costs mutually agreed to by the Company and the QS shall be specified in Appendix E. The Company will provide the QS with a schedule of "Fixed Energy Payments" over the term of the Standard Offer Contract based on the applicable information specified in Appendix E.

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next ten annual periods are as follows. In addition, avoided energy cost payments will include 0.~~1095~~0018¢/KWh for variable operation and maintenance expenses.

Applicable Period	On-Peak ¢/KWH	Off-Peak ¢/KWH	Average ¢/KWH
~~2011~~	~~5.89~~	~~5.57~~	~~5.68~~
2012	~~5.14~~4.55	~~4.63~~3.80	~~4.80~~4.08
2013	~~4.68~~4.18	~~4.20~~3.68	~~4.36~~3.85
2014	~~4.54~~4.26	~~4.21~~3.90	~~4.32~~4.02
2015	~~4.88~~4.40	~~4.52~~4.06	~~4.64~~4.17
2016	~~5.68~~5.14	~~5.18~~4.66	~~5.35~~4.82
2017	~~6.14~~5.54	~~5.61~~5.07	~~5.78~~5.23
2018	~~6.44~~5.93	~~5.99~~5.50	~~6.14~~5.64
2019	~~6.74~~6.25	~~6.38~~5.90	~~6.50~~6.01
2020	~~7.54~~7.05	~~6.95~~6.56	~~7.15~~6.72
2021	~~7.64~~7.54	~~7.16~~7.18	~~7.32~~7.30
2022	7.81	7.26	7.45

A MW block size ranging from 58 MW to 65 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

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
~~9.21~~8.53	~~9.87~~9.16	~~10.54~~9.81	~~11.49~~10.49	~~12.27~~11.17	~~12.53~~11.41	~~12.75~~11.62	~~12.98~~11.82	~~13.21~~12.04	~~13.45~~12.25

(Continued on Sheet No. 10.305)

(Continued from Sheet No. 10.305)

CHARGES TO ENERGY FACILITY

The QS 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:

Monthly customer charges for meter reading, billing and other applicable administrative costs as per applicable Customer Rate Schedule.

B. Interconnection Charge for Non-Variable Utility Expenses

The QS shall bear the cost required for interconnection, including the metering. The QS 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 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 QS.

C. Interconnection Charge for Variable Utility Expenses

The QS 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 QS if no sales to the Company were involved.

In lieu of payment for actual charges, the QS 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.~~218~~169%
Distribution Equipment	0.~~188~~202%
Transmission Equipment	0.~~102~~111%

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 QS for capacity under options B, C, D, E or for energy pursuant to the Fixed Firm Energy Payment Option D are not fully deductible when paid (additional tax liability), FPL may bill the QS 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 QS 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 or the Fixed Firm Energy Payment 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.

(Continued on Sheet No. 10.307)

APPENDIX II
TO RATE SCHEDULE QS-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;	$~~9.77~~3.52
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.~~5136~~0
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;	$~~1,108.35~~42.27
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;	$~~23.1~~40.0
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.84%
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.29%
L	=	expected life of the Company's Avoided Unit;	~~30~~1
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.	2021

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A_m	=	monthly capacity payments to be made to the QS starting on the year the QS elects to start receiving early capacity payments, in dollars per kilowatt per month;	*
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.84%
n	=	year for which early capacity payments to a QS are to begin; (at the election of the QS early capacity payments may commence anytime after the actual in-service date of the QS facility and before the anticipated in-service date of the Company's avoided unit)	*
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 10 years;	$~~788.39~~42.27
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.29%
t	=	the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing in the year the QS elects to start receiving early capacity payments prior to the in-service date of the Company's Avoided Unit;	*
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 10 years.	$~~192.58~~0.0

*From Appendix E

ATTACHMENT E

Economic Assumptions

Florida Power & Light Company
Standard Offer Contract

Economic Assumptions

CAPITALIZATION RATIOS

Debt:	41%
Preferred:	0%
Equity:	59%

DISCOUNT RATE

7.293%

RATE OF RETURN

Debt:	5.5%
Preferred:	0%
Equity:	10%

BOOK DEPRECIATION LIFE

Not Applicable
Not Applicable

INCOME TAX RATE

State:	5.5%
Federal:	35.0%
Effective:	38.575%

TAX DEPRECIATION LIFE

No Applicable
Not Applicable

OTHER TAXES AND INSURANCE

1.94%

Florida Power & Light Company
Standard Offer Contract

<u>Economic Escalation Assumptions</u>
(Averages 2012-2032)

PPA capacity cost escalation:	3.0%
Variable O&M Cost escalation:	2.84%

Florida Power & Light Company
Standard Offer Contract

Unit Information

Plant Name (Type):	Power Purchase Agreement
Net Capacity (MW):	250 MW
Book Life (Years):	1

Installed Cost (In-Service Year 2021)

Total Cost ($/kW-month):	3.52
Variable O&M (cents/kWh):	0.26

Florida Power & Light Company
Standard Offer Contract

<u>Financial Assumptions</u>
<u>For the Development of K Factor</u>

<u>CAPITALIZATION RATIOS</u>

Debt:	41%
Preferred:	0%
Equity:	59%

<u>RATE OF RETURN</u>

Debt:	5.5%
Preferred:	0%
Equity:	10%

Effective Tax Rate: 38.575%

Discount Rate: 7.293%

Book Life: Not applicable

In Service Year: 2021

<u>CONSTRUCTION SPENDING CURVE</u>

Year	% Construction Expenditures*
Not Applicable	

* To be applied to direct construction costs